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NEWS SUMMARY

GENERAL

Youth jobs scheme extended

The Government is to spend about £10m on extending its subsidies scheme to encourage the employment of young people.

The extension will enable employers to claim £7.50 a week for each worker under 18 and earning between £40 and £45 a week.

TUC General Secretary Len Murray said the scheme was "thoroughly offensive" to the unions. Back Page

Double suicide

The central Cheshire coroner blamed the economic situation for the deaths of two 19-year-old friends who killed themselves after claiming life held nothing for them because they were unemployed.

Riots condemned

Sinn Fein, the political wing of the Provisional IRA, condemned petrol bomb rioters in Londonderry for harming the cause of the H-block hunger strikers. Carron in talks with Alison, Page 5

Marches banned

Home Secretary William Whitelaw agreed to ban marches in London for a month from today. The National Front and the Anti-Nazi League had planned marches on Sunday.

Bulldog retrial

An Old Bailey judge ordered a retrial of the editor of the National Front youth paper Bulldog after the jury failed to reach a verdict on charges of inciting racial hatred.

MP injured

Labour MP Harry Gourlay, 65, is in hospital with multiple injuries after a car crash near his home in his constituency of Kirkcaldy, Fife.

Body dug up

Two men were arrested after police dug up the body of a man behind a factory in Garforth, West Yorkshire.

Voyager cured

U.S. scientists partially succeeded in rectifying the fault with the Voyager 2 spacecraft's cameras as it set off for Uranus. Page 4

Missile charge

The U.S. charged North Korea with "an act of lawlessness" in firing a missile at a U.S. reconnaissance aircraft.

Cash 'success'

Mr David Mason, who led parents of thalidomide victims in the fight for compensation, said in answer to weekend criticism that the investment of the money was "a spectacular success story."

Treasure hopes

Divers located a safe believed to contain millions of dollars aboard an Italian ship which sank 25 years ago off Nantucket Island.

Search called off

A massive police search of the Sibillini mountains in central Italy for clues to the disappearance of a British woman nine months ago was called off.

Test latest

Australia were 251—4 at close of play on the opening day of the sixth Test at the Oval. England won the toss.

Channel cranks

Ten Essex men crossed the Channel from Dover to Calais on a raft powered by hand-cranking an adapted combine harvester wheel to raise money for a cancer scanner.

Briefly . . .

Masked gunmen took £250,000 in an ambush on a security van at Stratford, London.

Pirate station Radio Caroline expects to be back on the air next month.

BUSINESS

Gilts off by 0.31; equities add 3.8

● GILTS were lower. The Government Securities index lost 0.31 to 63.99. Page 28

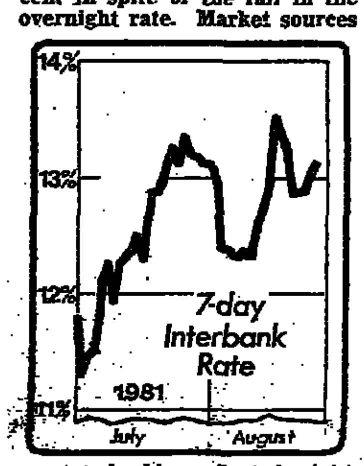
● EQUITY leaders improved further. The FT 30-share index added 3.8 to 562.3. Page 28

● GOLD fell $3 in London to $412. In New York the Comex September close was $417.5. Page 25

● STERLING fell 30 points to $1.8415. It was unchanged at DM 4.56, rose to FFr 10.9150 (FFr 10.8850) and Y425.50 (Y424.50) but fell to SwFr 3.9525 (SwFr 3.9625). Its trade weighted index remained at 91.4. Page 25

● DOLLAR rose to DM 2.4765 (DM 2.4710), FFr 5.9300 (FFr 5.9025) and Y231 (Y230), but eased slightly to SwFr 2.1450 (SwFr 2.1475). Its trade weighted index was unchanged at 111.9. Page 25

● SEVEN DAY INTERBANK rate remained firm at 13-13½ per cent in spite of the fall in the overnight rate. Market sources suggested this reflected tight money conditions expected next week as a result of payment of petroleum revenue tax. Page 25



● WALL STREET was down 9.4 to 890.22 near the close. Page 26

● U.S. TRADE deficit narrowed to a seasonally adjusted $1.46bn last month from $3.12bn in June.

● UK ECONOMIC activity appears to have touched bottom in the first half of this year but any recovery is likely to be very small, says the National Institute of Economic and Social Research. Back Page; Details, Page 8

● UK STEEL castings industry reconstruction proposals that would cut present capacity of some 200,000 tonnes by about a quarter received general support at a meeting of industry representatives in York. Lex, Back Page

● ITALY reached agreement with Saudi Arabia to import 200,000 barrels of crude oil a day. Page 4

● ROLLS-ROYCE has been discussing the possibilities of collaboration on future aero-engine development with several major overseas companies. Back Page; Feature, Page 13

● BRITISH TELECOM is to buy more than £1m of advanced microwave radio equipment from the U.S. because it says UK manufacturers cannot meet its requirements. Page 5

● RIOTS last month cost UK insurance companies £4.5m in fire damage claims. Page 6

● AUSTRALIAN PORT disputes have delayed at least 80 ships. Page 2

● LLOYD'S OF LONDON, insurance market, declared record profits of £174.4m for 1978. Back Page; background, Page 5

● AEG-TELEFUNKEN, the West German electronics and electrical engineering group, expects slightly reduced losses this year. Page 23; Lex, Back Page

● MINING SUPPLIES pre-tax profits fell to £2.38m in the 53 weeks to May 2, against £3.31m last time. Page 14; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
BICC	277	+ 6
Bowater	276	+ 8
Brent Chemicals	123	+ 6
British Aerospace	246	+ 13
Burton Warrants	50	+ 4
Cadbury Schweppes	99	+ 5
Cornell Dresses	172	+ 7
Dowty	274	+ 12
GEC	799	+ 14
Hoskins Horton	105	+ 15
Inchcape	373	+ 8
Lucas Inds.	233	+ 6
Matthews (B.)	165	+ 22
Midland Bank	345	+ 5
Phoenix Assurance	318	+ 6
Phoenix Timber	116	+ 14
Plessey	391	+ 7
Press (W.)	91	+ 4
Royal Bk. Scotland	194	+ 4
Tozer Kemsley	75	+ 3
Consd. Gold Fields	525	+ 15
Patino NV	£34½	+ 3¼
RTZ	590	+ 10
FALLS		
Exchr. 12pc 99-02	£81	− ½
Assed. Dairies	186	− 8
Conder Intnl.	95	− 5
Dickie (J.)	24	− 4
London Brick	77	− 3
LASMO	555	− 15
Ashton Mining	93	− 9

Ministers to decide fate of North Sea gas-gathering project

BY RAY DAFTER, ENERGY EDITOR

MRS MARGARET THATCHER will chair a meeting of senior ministers next week in an attempt to break the deadlock over the proposed £2.7bn North Sea gas-gathering network. She has been told that only government financial backing can save the scheme.

The meeting, probably on Tuesday and Wednesday, is expected to decide whether the pipeline should go ahead—with controversial government guarantees—or be abandoned.

A secret report now with ministers is thought to show that private investors, including oil companies, would not be prepared to fund the initial stages of development without the Government, or some state-owned enterprise, taking the lead.

Once the Government firmly commits itself to building the ambitious project, the necessary private funds would become available, adds the report. It was prepared for the Government by Mr John Liverman, a retired senior civil servant, following discussions with leading North Sea oil companies.

Mrs Thatcher, a declared supporter of the pipeline project, is aware of the urgent need for a decision by the Government. If the pipeline is to be brought on stream in 1985, as planned, major contracts must be signed next month.

The British Gas/Mobil/British Petroleum steering committee, which is overseeing initial planning pending the formation of a permanent pipeline company, has told the Government that the management contract for gas-collection terminal at St Fergus, near Peterhead, needs to be signed next month. The group also has options on two pipe-laying barges which need to be confirmed in September.

Ministers are aware that there is likely to be a race for major pieces of equipment, including pipelines, since the Norwegian Government already has committed itself to the construction of a £2bn gas-collection network on its side of the North Sea median line.

Progress on the financing of the British scheme has been frustrated by the Treasury's concern about the impact of state guarantees on the Public Sector Borrowing Requirement. It is thought that the Treasury is worried also that the project could divert funds from other big, privately-sponsored developments.

The pipeline network, some 420 miles long, is expected to collect £25bn worth of gas from at least 20 UK fields. If the Government goes ahead the pipeline company, which could be formed in a matter of weeks, would have to spend some £60m this year and about £230m in 1982. It is these sums which may affect the PSBR if the Government funds the initial stages of development.

Should ministers decide to go ahead with the project, it could lead to the formation of a pipeline company in which British Gas Corporation would hold a minority interest, probably 30 per cent. The Corporation would then fund the initial investment.

The remaining shares would be held by Morgan Grenfell, merchant bank advisers to the British Gas/Mobil/BP steering group.

As work on the pipeline progressed, shares would be offered to oil companies, gas users and financial institutions.

Initial investors might be offered a higher rate of return than those joining the pipeline company at a later stage.

As a further inducement, oil companies may be told that they could have a preferential right to transport their gas through the network if they joined the pipeline company.

It is unlikely that they would be allowed tax relief against their North Sea oil profits.

N. Sea oil output up, Page 5

Thomson CSF-Continental deal killed by French policies

BY IAN HARGREAVES IN NEW YORK AND DAVID WHITE IN PARIS

THOMSON-CSF of France and Continental Telephone of the U.S. yesterday abandoned attempts to set up a $400m (£217m) telecommunications venture in North America.

Continental Telephone, a major manufacturer of telephone and communications equipment, said the deal had collapsed as a direct result of the new French Government's policies. Thomson-Brandt, which owns 41 per cent of Thomson-CSF, is on the list of French industrial companies which the socialist government intends to nationalise.

Thomson-CSF said it had reconsidered the matter because of the new Government's restrictions on capital exports and because of the high cost of the funds it would have needed to borrow in the U.S. to pay for its half share.

Mr Charles Wohlstetter, chairman of Continental, said the business environment in France since the elections would have necessitated changes in the relationship between the French and the American companies which were "inconsistent with our business interests in the joint venture and inconsistent with reality."

"We were very sorry because it could have been a fine arrangement," Mr Wohlstetter said adding that Continental would continue to seek ways to work with Thomson-CSF. Joint investment, however, is ruled out.

The two companies agreed in April to launch a two-pronged venture to distribute Thomson-CSF's range of office electronics equipment in the U.S. and set up a research and manufacturing operation there.

Thomson-CSE has a key role in the development of the French electronics industry and military equipment.

Abandonment of the Continental Telephone link comes amid growing concern in the U.S. about the implications of French nationalisation on companies' overseas activities and the way in which they compete.

Doubts were raised at the time of the recent takeover of Texasgulf by Elf-Aquitaine, the French state-controlled oil company, which had also long been seeking a strong U.S. foothold.

The Continental agreement involved setting up a joint company which would take over Continental's Executone subsidiary, a leading distributor of electronic telephone systems with a national marketing network. The French partner was to have had a 49 per cent stake in the company and a 51 per cent stake in the research and manufacturing venture.

The first stumbling block, Mr Wohlstetter said, was the problem of exporting capital from

Continued on Back Page
Editorial Comment, Page 12

Engineering unions claim 14%

BY JOHN LLOYD, LABOUR CORRESPONDENT

A CLAIM for a 14 per cent pay rise has been tabled by the unions representing the engineering industry's 1.7m manual workers. The claim, made yesterday in the opening round of the industry's national wage negotiations, was immediately dismissed by the employers as "irresponsible" in the face of a "horrifying" 17 per cent drop in output since 1979.

The negotiations are important both for the number of workers covered and because of the pace-setting role they play, coming at the start of the new wages round.

It is likely that the employers will try to settle in low single figures, the level which Sir Geoffrey Howe, Chancellor of the Exchequer, said last month he regarded as necessary to the health of British industry.

The two sides will meet again on September 24, when the Engineering Employers Federation is expected to make an offer of between 3 and 5 per cent.

The continued weakness in the industry, and the flexible posture adopted by the unions—which have been careful not to threaten industrial action—does not point to the likelihood of a militant pursuit of a high figure.

The formal claim from the Confederation of Shipbuilding and Engineering Unions is for a "substantial" increase. Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers and leader of the confederation's negotiating team, said yesterday that his members need a 14 per cent rise "just to stand still."

Mr Duffy blamed the Government for the sharp decline in the industry. He was concerned that a quarter of the industry's workers were doing more than eight hours a week overtime.

The situation was "far different" from last year, when an 8.2 per cent settlement was reached.

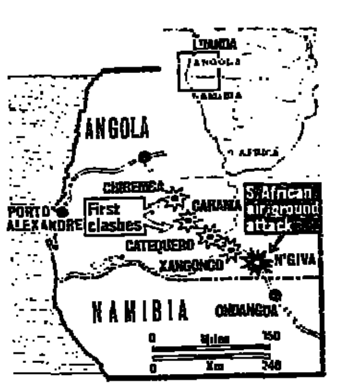
The national rate agreed between the two sides is complemented by local bargaining. However, last year local settlements were little higher than the national rate, while some are believed to have been lower.

A large part of this year's claim—for a common implementation date, increased overtime premia and higher rates for apprentices aged 17 to 19—has been ruled out by the EEC under the terms of the 1979 agreement, which prohibited consideration of these issues until 1983.

Mr Anthony Frodsham, director general of the EEF, said after yesterday's meeting: "I think we shall have to find something—we shall scrape the barrel somehow."

The unions were given a slide presentation of the state of the industry, aimed at proving that the recession has affected it even harder than the pessimistic forecasts made by

Continued on Back Page



Angola says it downed two aircraft

By Mark Webster

ANGOLA CLAIMED yesterday that its forces had shot down two South African aircraft in fresh fighting around the southern provincial capital of N'giva, south of the towns the South Africans attacked earlier this week.

Detailed reports of the battles around N'giva came after the Luanda authorities suggested Pretoria had halted the advance of two large armoured columns towards a more motherly provincial capital, Lubango, and were preparing to withdraw in the face of "heavy international pressure and effective defensive action by Angolan forces."

South African defence officials, however, yesterday remained silent on the fighting.

The Angolan news agency Angop said South African aircraft had carried out "intensive bombing" of N'giva yesterday. The South Africans were also said to be engaged in heavy combat with Angolan troops on the outskirts of the town. The Angolans claimed to have put a South African tank out of action, in addition to destroying the two aircraft.

On Wednesday, Mr P. W. Botha, South Africa's Prime Minister, admitted that his country's troops were inside Angola. But he said they were solely pursuing guerrillas belonging to the South West Africa People's Organisation (Swapo). Swapo has fought for 14 years from bases inside Angola to end South African control over Namibia.

Mr Botha said that the fighting would not have reached its present levels had Angolan troops not intervened, as in the past, against the South African columns which appeared to be heading for Lubango. The town is one of several where the Angolans, with Cuban help, are believed to have installed Sam-6 and Sam-3 surface-to-air missiles. Lubango is also believed to be a major Swapo base.

Casualties in the fighting so far are unclear but Sr Fernando van Dunem, the Angolan Ambassador to Belgium, said that "several hundred" people had died in the fighting.

Mr Average learns a little more about South Africa, Page 3

Britain moves to stop influx of foreign poultry

BY JOHN EDWARDS, COMMODITIES EDITOR

A MAJOR row is expected to follow Britain's decision, announced yesterday, to change its poultry health regulations and virtually ban imports of turkeys, chickens and eggs from competitors, who were threatening to over-run the UK market.

The main countries affected are France, Holland and the U.S. whose protest is expected to claim that the change is a blatant move to protect the beleaguered UK poultry industry from foreign competition.

Mr Peter Walker, Minister of Agriculture, said yesterday it had been decided to reintroduce a compulsory slaughter policy for dealing with any future outbreaks of Newcastle disease (fowl pest) in poultry flocks. Imports will be accepted only from countries free of the disease, which follows a slaughter policy.

The disease, to which all birds are liable, is viral and affects the respiratory organs. It travels rapidly through a flock and is frequently fatal. Birds which recover suffer lasting damage. In general it has no effect on humans.

The latest steps were being taken, said Mr Walker's statement, following the success of the vaccination scheme which has almost eliminated the disease in Britain. The last outbreak was in April 1978.

However to ensure that "the higher internationally-recognised status of disease freedom is maintained," the statement said, more stringent health regulations would be applied to imports of poultrymeat and eggs, effective from September 1.

From then imports will be accepted only from countries free of Newcastle's disease, which prohibit the use of vaccine following an outbreak and instead follow a slaughter policy.

The only countries which meet these requirements are the Irish Republic, Denmark and Sweden. Those which do not include France, Belgium, the Netherlands, Italy, West Germany, Greece, the U.S. and Canada.

The Ministry said it was satisfied that this action on import controls did not conflict with European Community law or with other international organisations.

It also said that since there were ample supplies of chicken, turkey and eggs produced in Britain and keen competition between producers, there should be little if any effect on prices to consumers.

Last year the main imports of poultry came from Holland, France and the U.S. The main suppliers of imported eggs and egg products were France and the Netherlands. Under the new regulations imports from all these countries will be banned.

Imports of poultrymeat and eggs account for only a small percentage of the UK market—last year 4.5 per cent in the case of poultry and 3 per cent of egg sales. But the UK industry has become increasingly disturbed by the threat of increasing competition from cut-price imports, especially from France.

The establishment by a major French producer of a plant in Brittany which will produce up to 25m turkeys a year, roughly equivalent to the entire British market, has raised apprehension in the UK turkey industry.

The British industry has been facing growing competition during this year from French and U.S. turkeys, sold at prices well below British levels. The UK industry also claims that the French Government is unfairly subsidising its domestic poultry industry in a way which would enable French producers to flood the UK market.

The National Union of Agricultural Workers, which claims 5,000 jobs have been lost in the poultry industry over the past year, yesterday welcomed the Government's move and called off the picketing of shops and ports started last week to try to stem the flow of imports.

It was feared that many more jobs could be lost and some UK companies might be forced to close down.

On the London Stock Exchange yesterday the shares of Bernard Matthews, Britain's largest turkey producer, jumped by 22p to 165p.

David Housego in Paris writes: The French Government is understood to have been informed of the new measures in advance, but the Ministry of Agriculture in Paris was withholding comment last night.

France insists that the Brittany producers who have been mainly responsible for the sharp rise in French turkey output receive no aid beyond what is compatible with EEC schemes. They attribute lower French costs to higher levels of efficiency.

Keeping out of fowl pest—and competition, Page 27

£ in New York

	Aug. 26	Previous
Spot	$1.8430-8450	$1.8325-3356
1 month	0.71-0.78 pm	0.95-1.00 pm
3 month	2.35-2.45 pm	2.40-2.50 pm
12 months	6.85-7.05 pm	6.65-6.85 pm

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ITALSIDER MAY NOT BE ABLE TO PAY EMPLOYEES' WAGES

Italy tries to resolve state steelworks crisis

BY RUPERT CORNWELL IN ROME

THE ITALIAN Government was yesterday seeking an emergency solution to the acute liquidity crisis at Italsider, the state steel producer, which says it may not be able to pay its 52,000 employees their August wages.

The desperate short-term financial straits of the company, which lost Lire 573bn (£250m) in the first five months of 1981, became public knowledge on Wednesday when the company's board issued a statement indicating that there was "a real danger" that this month's salaries, totalling Lire 70bn, would not be paid.

The immediate reason for this is understood to be the refusal of the company's banks to transform into cash treasury credit certificates used to cover much of the most recent Lire 1,400bn of aid to Italy's debt-ridden public-sector steel industry.

The banks' reluctance comes 48 hours after a shareholders' meeting of Italsider, scheduled for last Tuesday, was called off at the last moment as a result of the absence of representatives of Finsider, the division of the IRI state conglomerate, which holds 95 per cent of Italsider's equity.

Finsider did not attend the meeting, it is reported, because IRI did not have the liquid funds available to subscribe to its share of a planned Lire 432bn capital increase by Italsider due for approval on Tuesday.

Pressures for a swift solution are reinforced by the knowledge that Italsider's workforce, particularly the 12,000 employed in Genoa, is highly militant. A confrontation in the steel industry would be the worst possible background for the talks due to start shortly between the government and unions on means of reducing Italy's inflation rate.

The latest episode underlines the need for swift, and decisive, measures to put the steel industry on a sound financial footing. Finsider and Italsider have been warning that the group's plight had become intolerable. There was also a scare over payment of February's wages.

The company's debts stand at L4,500bn, and servicing charges run to L2bn daily. Total steel production in the first seven months of 1981 dropped by 12 per cent to 14.55m tonnes. In July alone the decline was 15.5 per cent.

Union threatens to ban Polish TV from congress

WARSAW—Solidarity yesterday threatened to ban Polish television reporters from its first national congress in an increasingly bitter feud with the authorities over access to the mass media.

The threat is part of a campaign by the union to ensure that its congress, beginning on September 5, is reported objectively by the Communist-controlled media.

The congress press bureau threatened the ban after it said state television refused to attend a meeting to discuss coverage, over which Solidarity is demanding editorial control.

Solidarity has also threatened to call out printers on a new six-day strike and has issued a series of protests against what it describes as a propaganda campaign by the authorities aimed at keeping the country in a state of tension.

The Communist authorities have answered back, accusing the union of responsibility for the tension and warning that they will not allow Solidarity to silence newspapers and broadcasts.

Mr Stanislaw Kania, Poland's Communist leader, said in a TV interview on Wednesday night: "The mass media cannot be apolitical. Our party is not hiding the fact that it exercises a leading role in the media."

Solidarity and the government were due to start talks on media access yesterday. A Warsaw Solidarity official said Mr Janusz Onyszkiewicz, their spokesman, had spoken with the government press spokesman, Mr Jerzy Urban, in a preliminary round of talks.

Solidarity's national executive published a statement from its headquarters in Gdansk which said the government's inability to halt the national crisis had placed the union under exceptional obligations. Agencies

Bitter medicine is needed for economic health in Poland, writes **Leslie Colitt**

Solidarity seeks shared role in reforms

THE Polish Government's two-pronged economic recovery programme, on which all hopes are pinned for a rebuilding of the Polish economy, remains trapped in the Sejm, Poland's resurgent Parliament.

This is the second time around for the Economic Stabilisation and Reform Bill, after it was rejected in the Sejm earlier this year as inadequate. Representatives have now approved the draft, but passage will depend on its acceptance by the Solidarity Union.

Solidarity is to present its own economic reform plan at a two-part National Congress which begins next week but does not end until late October. Until then, at the earliest, the Government's economic reform, which is to take effect from January 1, must remain on ice.

Government officials admit that well over half a year has now been lost in which the economy's central administration has crumbled with nothing to replace it. The authorities have launched anti-crisis commissions for all sectors of the economy to divert dwindling supplies of food, energy, and raw materials to where they are most needed. This, however, is acknowledged as a policy treating symptoms not causes.

As conceived, the draft stabilisation package, which rests with a sub-committee, of the Sejm, is of almost wartime severity. To many Poles, it sounds like whistling in the dark. A revival of agricultural production to the level of the mid-1970s is to be achieved. Industrial production is to recover within four years and national income within six years, while there is to be a "decrease in our foreign debts in six to seven years."

The plan sets the immediate priorities for the economy: supplies of coal and raw materials are to be shifted from the wasteful steel and cement industries into farming, the farm machinery and equipment sectors, food processing and export-oriented industries.

Material support is to be rushed to individual farmers, small industry and services where results are expected quickly. Mining of coal, metals and sulphur is to receive top priority, with every effort made to get miners to work voluntarily on Saturdays and to increase employment in coal mining by up to 80,000 men by 1983.

Retail prices are to be raised for basic foods to halt enormous waste although the programme recognises that a "price reform is not popular with society."

Costly social reforms agreed on with Solidarity last year are to be suspended for two to three years. Housing construction is to be reduced and investments cut sharply. This is to force workers in construction, capital goods industries and administration to change jobs.

Taken as it is, the stabilisation plan appears to be the bitter medicine Poland needs. However, the only power in Poland which can get the populace to swallow it is the Solidarity Union. While Solidarity acknowledges the need for many of the emergency steps, it rejects the crucial economic reform measures which are meant to be implemented during the stabilisation phase and which form the second half of the recovery plan.

These reforms aim to emulate in a relatively short period what has evolved in reform-minded Hungary over more than a decade.

The centrally-directed economy is to be radically decentralised with factories operated as "self-managing and self-financing enterprises." They will be permitted to retain a share of hard currency earnings as an incentive to boost exports and will deal directly with foreign companies. Eventually, wage increases are to be based on company earnings.

The Solidarity leadership has urged self-management bodies in *factories and offices* to review candidates for selection as managing directors. This is seen as further pressure on the authorities to agree to the union's proposals on worker self-management, writes Leslie Colitt in Warsaw.

However, Mr Marian Wozniak, a central committee secretary, said at a meeting of Communist Party secretaries from 206 factories that it was a "misunderstanding and an error" that the role of worker councils *should* be limited only to the issue of how to nominate a director.

***On the deteriorating* economic situation, he said that in July 100 zlotys of net *income bought only* 70 zlotys in goods. "We have become the only country . . . where a drop in labour productivity is accompanied by wage increases."**

Central planning is to be limited to a "strategic" role while the number of ministries is to be slashed and their functions radically changed.

Bills are currently being drafted on the self-governing enterprises and on workers' self-management and it is over the latter that Solidarity raises its main objections.

The Union is not alone in expressing serious doubt, that the progress towards self-management will be sufficiently rapid or far-reaching. "The ruling apparatus is unable to change a system which it created. The people who have led the economy to catastrophe and who bear responsibility for the crisis will not lead us out of it." This uncompromising language is not that of a Solidarity militant but of Professor Jozef Kaleta, head of the Academy of Economics in Wroclaw and a delegate to the recent Communist Party Congress. He was addressing party officials on the urgent need for genuine economic reform.

Professor Kaleta noted that many employees of the Government who oppose meaningful reform were responsible for the present economic collapse as advisers to former Prime Minister Jozef Pinkowski's cabinet. They now work with General Wojciech Jaruzelski, his successor as Prime Minister.

For Solidarity, self management as exercised through workers' councils means breaking away from the official power structure and curtailing the influence of party economic officials who until now have run the factories with heavy interference from the ruling Politburo. Mr Jacek Merkel, a worker at the Gdansk shipyard who belongs to the regional presidium of Solidarity, has called this process the "transformation of state ownership of the means of production into social ownership."

Mr Merkel and Mr Jerzy Milewski, a scientist working in Gdansk, became key figures in setting up "founding committees for self management" in 17 factories. In July, a national meeting was held of what has become known as Network, attended by representatives of more than 1,000 plants.

Solidarity's leadership was at first caught unawares by this grass roots pressure. The Union wanted to control and check the authorities but not to assume a co-management role with far wider responsibilities. The rapid spread of Network to some 3,000 enterprises has now caused Solidarity to change its mind. Mr Milewski believes there is an "80 per cent chance" the Sejm will eventually accept Network's main proposals.

Faced with the prospect of being overrun by worker-initiated self-management, the Government now says it agrees that in smaller factories workers' councils will have the right to elect their directors and to dismiss them.

Solidarity, however, claims the Government has drawn up a list of 180 vital factories where, the union says, the Government does not wish self-management to be practised.

Mr Waldemar Kluczynski, a Solidarity economics expert and the Deputy Editor of the weekly newspaper "Solidarnosc," said the Government wanted Solidarity's responsibility for the economy to be that of a "draught horse"

Oil production restarts in Statfjord field

By Fay Gjester in Oslo

OIL PRODUCTION restarted yesterday in the Anglo-Norwegian Statfjord field in the North Sea, after a three-day stoppage caused by a pay strike by production staff.

The strikers, whose numbers had grown from 30 to 90 during the three days, agreed to resume work after Mobil, the operating company on the field, promised that no retaliatory action would be taken if they returned to work by midnight on Wednesday.

Union officials refused to give any further details of Mobil's offer. The workers had been demanding a pay increase of NKr 13,000 (£1,181) a year. Initially, the production workers strike also affected Norway's other two fields, Ekofisk and Frigg.

Workers in these two fields returned to their jobs on Tuesday after the cabinet ruled the dispute should be settled by compulsory arbitration. From then on, the strike became illegal.

Mr Arvid Johanson, Norway's Oil Minister, had suggested that since the strike was illegal the workers might be made financially responsible for the cost of lost production estimated at about NKr 50m a day.

Mobil and the strikers' action committee agreed to postpone a decision on the sensitive issue of whether the workers' pay should be docked, for the strike period. Disagreement on this had previously hindered a return to work.

Meanwhile, the Norwegian electrical workers' union has refused to approve on safety grounds accommodation offered to its members working on the newest Statfjord platform, Statfjord B. Some of the electricians have been quartered below deck in a pipe-laying barge.

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West Germany has inflation rate of 6%

BY JONATHAN CARR IN BONN

WEST GERMAN inflation, measured at an annual rate, is continuing to accelerate, but the month-on-month trend is declining.

This, at first sight contradictory, message emerges from the preliminary cost-of-living figures for August released yesterday by the Federal Statistical Office.

They show that living costs this month were 6 per cent higher than in August 1980, compared with an annual rate of 5.8 per cent in July and of 5.5 per cent in June. This is the first time since June last year than an annual inflation rate of as much as 6 per cent has been recorded.

However, the increase this month over last was 0.3 per cent, of July over June 0.4 per cent and of June over May 0.5 per cent. By this measurement, life for the West Germans is still becoming more expensive—but less quickly than earlier in the year.

The explanation is that this year's figures at an annual rate are being compared with a period when the rate of West German inflation was declining.

Between May and August 1980 the cost-of-living increase dropped at an annual rate from 6 per cent to 5.5 per cent and the month-on-month figure from 0.4 per cent to 0.1 per cent.

On this evidence, the anti-inflationary efforts this year—above all the Bundesbank's restrictive monetary policy—appear to be paying off.

One major component in the West German inflation rate has been the sharp rise in import prices, caused in particular by the weakness of the D-Mark against the dollar.

In the first half of this year, the import price of manufactured goods rose by 5.6 per cent against the same period of 1980, of semi-finished goods by 13.2 per cent and of raw materials by 32 per cent.

According to the survey of business opinion in July published yesterday by the IFO economic research institute, virtually all industrial sectors expect to benefit from rising foreign demand.

Reuter reports from Paris: French year-on-year retail price growth at end-July stood at 13.4 per cent compared with 13.3 per cent a month earlier, the National Statistics Institute said.

Arsonists force Portuguese campers to flee

BY DIANA SMITH IN LISBON

FOREST FIRES have been raging in the Sintra hills west of Lisbon this week, forcing campers and people in summer villas to flee to safety.

The pattern of the fires—which broke out in several places at once—was such that the authorities are convinced that arsonists are again responsible for the latest blaze in a series since early June.

It is the second fire in the Sintra hills this summer. The first destroyed hundreds of acres of rare trees and threatened 18th-century palaces and smaller homes. The suspects include would-be property developers who for years have been trying unsuccessfully for planning permission for major urbanisation projects in the hills.

According to many authorities, the developers hope that by destroying the natural beauty of the Sintra hills, they will destroy the reason for environmental protection—and be able to build. Regularly, arsonists insist they were paid to do the job when they are arrested.

In the north and centre of Portugal, where hundreds of thousands of acres of woods have been burned, the authorities suspect dishonest timber merchants who are known to have profited from selling party charred wood for fences, railway sleepers and other purposes.

The Portuguese Air Force has tried to help. Spain has loaned a special fire-fighting plane but the fires continue.

Lull in ETA activity leads to suggestions of rift

BY ROBERT GRAHAM IN MADRID

AN UNEXPECTED lull in activity by the militant Basque separatist organisation, ETA is giving rise to suggestions of divisions within its ranks and preparations for a change of tactics.

Since July 5, ETA has not carried out any assassination attempts on members of the military and there have been only two killings of civilians.

The sole evidence of ETA activity has been a series of attacks aimed against installations of Iberduero, the privately owned utility supplying electricity to the Basque country. Until the beginning of July, ETA killings were averaging more than three a month.

Sr Juan Jose Roson, Interior Minister, was quoted yesterday as saying that the battle against ETA was being won, albeit slowly. But he warned that Spain's Nato membership might provide a new focus for Basque violence.

The government believes that improved intelligence, better co-ordination through the joint police-army anti-terrorist command formed earlier in the year, and a closer watch on the frontier with France is beginning to have an effect.

Attention has been focused on capturing and breaking up "information commando" units, which take no direct part in violence, but provide information necessary for such acts.

Those familiar with ETA are wary of putting too much emphasis on greater efficiency by the security forces. They say that ETA is still able to blow up large installations of Iberduero.

Indeed, the attacks against Iberduero are beginning to have a cumulative effect and there are fears that electricity will have to be rationed in autumn.

The most plausible reason for ETA's lull is a reassessment of its activities in the light of greater police pressure coupled with the advent of the new administration in France.

The leadership of the military wing of ETA is widely accepted as operating out of southern France.

The refusal of the Mitterrand administration to accede to Spanish requests for extradition of ETA suspects held in France has not proved as beneficial as it might seem.

The French Government in adopting a "humane" attitude to Basque refugees, is believed, under strong Spanish pressure, to have made clear that in future they should not carry out their activities from France.

Some reports go further and suggest that the curbs on ETA activity in France are forcing it to consider negotiations for a ceasefire. The more moderate political military wing of ETA, in the wake of the abortive February coup, decided to halt its military activities, fearing that this might provide grounds for another... military intervention.

Russia gets the savings habit

By Our Moscow Correspondent

SOVIET savings bank deposits have increased by more than eight-fold to Roubles 156.6bn (£108.4bn) since 1966 because of a shortage of consumer goods in the shops, according to official figures published yesterday.

The official explanation for the 840 per cent increase in bank savings is the sharp growth in national income during the past 15 years. But Soviet economists also readily concede that the surge in savings demonstrates a widening gap between purchasing power and the supply of desirable commodities and services. In effect, the figures represent a key indicator of the Socialist economy's "hidden inflation."

The weekly Ekonomicheskaya Gazeta reported the savings totals with the observation that supplies of food, clothing, housing and services are still woefully inadequate.

The newspaper noted the Communist Party Congress at the Kremlin six months ago addressed the problems and called for improved production. But the author, an economist named as A. Shokhin, said some additional mechanism must be found to strike a balance between supply and demand.

In crude terms, the phenomenon measured by Soviet bank accounts is comparable to inflation as experienced by capitalist consumers. Too much money and too few goods usually produce higher prices in the West. Moscow holds down prices, so workers stymied by their inability to spend their wages on cars, colour televisions or well-made clothing keep the money in savings instead.

The Roubles 156.6bn in savings is equivalent to nearly Roubles 600—more than three months' wages for an average urban worker—for each of the nation's 267m men, women and children.

In addition to the 840 per cent increase, Ekonomicheskaya Gazeta said the figures showed that savings as a percentage of income had more than doubled.

Ordinary demand-deposit bank accounts pay 2 per cent simple interest per annum in the Soviet state banking system. One-year time deposits pay 3 per cent. Because the return is so low, many people hoard their savings at home.

The need for consumers to make on-the-spot purchases when such scarce items as warm leather boots for winter appear unexpectedly also persuades most city-dwellers to carry around at all times the cash equivalent of one or two months' salary.

Spain's Nato plan

THE Nine-Member Spanish State Advisory Council yesterday approved the Spanish Government's plan to join the North Atlantic Treaty Organisation (Nato), AP reports from Madrid.

Death toll grows

THE SPANISH health ministry said yesterday that the death toll from toxic cooking oil had reached 111 since sickness from the affected oil caused the first illnesses May 1. AP reports from Madrid.

Portugal strike off

PORTUGUESE postal workers called off a strike due to start yesterday after being granted a joint meeting next month with the Telecommunications and Labour Ministers, the Federation of Communications and Telecommunications said, Reuter reports from Lisbon.

Albanians jailed

A court in the Yugoslavian province of Kosovo yesterday sentenced eight more ethnic Albanians to prison terms ranging from one to seven years for crimes linked to the outbreak of rioting last spring, AP reports from Belgrade.

Fast ends

Left-wing prisoners at Ankara's Mamak military prison have ended their hunger strike after an apparently unsuccessful effort to change prison rules, their lawyers said yesterday, AP reports from Ankara.

Warheads pledge

Christoph van der Klaauw, the Dutch Foreign Minister, told Parliament yesterday that the Netherlands was against taking neutron warheads, but did not unconditionally refuse them.

80 ships caught in Australian port disputes

BY PATRICIA NEWBY IN CANBERRA

AT LEAST 80 ships are now delayed at Australian ports because of industrial disputes. The cost to shipowners is estimated by the Australian Chamber of Shipping to be running at more than A$1.5m (926,000) a day.

Three disputes in New South Wales have halted all shipping from Australia's most populous state and ports in other parts of the country are severely disrupted.

The disputes in NSW involve a ban by the state civil service on grain loading in support of pay claims, a long-running maritime union ban on vessels using flags of convenience, and a strike by tug operators.

Mr Llew Bowen, executive director of the Shipping Chamber, has called for talks between the Chamber, the Federal Government and the Australian Council of Trade Unions (ACTU) to try to devise a method of handling industrial relations on the waterfront. Mr Bowen said that no sooner was one dispute on the waterfront settled than another cropped up.

Mr Bowen believes Australia's chaotic waterfront industrial relations are damaging its reputation as a reliable exporter and causing concern to London insurance houses which cover shipowners' losses in the case of strikes.

Newcastle, gateway for the rich Hunter Valley coal mining region is worst affected. Twenty-three coal carriers flying flags of convenience are waiting to enter Newcastle and six others are being delayed from departing. Four wheat ships are waiting to enter and two are waiting to leave.

The ban on ships flying flags of convenience has been in force for six weeks and the tug operators went on strike on Monday over the dismissal of union members for alleged fighting.

On the general industrial relations front, the ACTU will meet in two weeks to formulate a new wages policy following the recent demise of the national pay policy. The meeting will give some indication of whether Australia is to face a new round of industrial unrest or whether some orderly system for processing wage claims can be agreed.

The metal trades unions, which are considered pacesetters in the economy, are already seeking a rise of A$53 a week and the ACTU has said it wants an across-the-board A$20 rise for all workers, to compensate for inflation.

Nigeria's economy in trouble

Oil price discount may not stop disruption

BY MARK WEBSTER

NIGERIA COULD still face serious economic disruption because of a sharp decline in oil sales, despite its decision this week to offer $4 a barrel discount on its crude.

Oil industry experts do not expect the discount announced on Wednesday to increase Nigeria's exports significantly from their present level of around 650,000 b/d. The Government of President Shehu Shagari budgeted this year for 1.9m b/d in exports to fuel its ambitious five year development plan.

Lagos has resisted international pressure to cut its price until now in the hope that agreement could be reached within the Organisation of Petroleum Exporting Countries (Opec). The failure of the meeting in Geneva this month to reach an accord was a severe blow for Nigeria, which had been advocating a price cut to bring its own oil within $2.50 of the Saudi price.

Under the new arrangement, the details of which are still not clear, Nigerian oil will sell for $36 a barrel leaving a full $4 difference between it and the Saudi price. Even so, the fact that Nigeria has offered the discount is seen as an important psychological breakthrough for a Government so opposed to price cutting.

Nigeria has been by far the most severely hit exporter by the current glut of oil in the world markets. It depends on oil for more than 90 per cent of its export earnings and has an ambitious Naira 82bn (£67bn) development plan to improve life for its 80m population.

But Nigeria has always been vulnerable to changes in the oil market because of its deliberate policy of encouraging small third party customers to buy its oil on three-month renewable contracts. As was seen in the last oil glut in 1977-78, Nigeria's small customers could not afford to buy highly priced Nigerian crude and terminated their contracts.

Since the beginning of the year, production has slumped from 2m b/d to only 770,000 b/d in July. This month the figure is expected to be as low as 640,000 b/d and oil industry experts believe it might have fallen even lower without the discount.

On the basis of the lower price, some of the old customers are likely to come back, but the impact of increased sales would not be felt for two to three months. It would take time to get those wells which have been closed operating at full capacity.

For the time being, the country is living off its foreign exchange reserves which stood at around $8bn in June. At the present rate of imports, those reserves are being run down at the rate of more than $1bn a month.

The government has admitted that the slump in oil exports will mean a drop in revenue of Naira 4.35bn for this year, which is almost 30 per cent of the planned total. It is trying to make up some of the difference by borrowing heavily abroad.

Economists still expect Nigeria to go through a rough patch when it will have to slow the rate of imports, possibly by delaying the issue of "Form M" foreign exchange clearance by the central bank. During Nigeria's last oil crisis it slashed imports and introduced the "Form M" to slow the flow of goods.

Such unpopular policies were applied heavy-handedly by the previous military regime but they will not be so easy for a democratically elected civilian Government to force through.

Although major federal and state projects will be able to go ahead thanks to backing by offshore loans, traders may find their import allocations being cut or disappearing altogether. "Things are going to be a wee bit tight," said a London banker.

President Shagari . . . hoped for higher exports

NIGERIA'S CRUDE OIL EXPORTS

1981	m b/d
January	2.001
February	1.806
March	1.799
April	1.605
May	1.070
June	0.800
July	0.770

Saudi Arabia 'likely to raise production'

BY PATRICK COCKBURN

SAUDI ARABIA is more likely to raise than lower its 9m barrel a day (b/d) oil production in September, according to the authoritative Middle East Economic Survey. The Saudis agreed to lower their ceiling on oil output from 10.3m b/d at the end of the Organisation of Petroleum Exporting Countries (Opec) conference.

The newsletter says that on present indications "output levels for the months of the fourth quarter are more likely to be set above rather than below the 9m b/d fixed for September."

The Saudis had hoped that Opec would agree to a common pricing policy at Geneva and are still anxious to reach agreement with other oil producers at the December Opec conference.

They are likely to want to ensure that the oil market remains soft over the next few months.

Italian accord Page 4

Pretoria's incursion toughens Angolan resolve on Cubans

BY MARK WEBSTER

ANGOLA, ONCE the second richest country in Africa, has learned to live with shortages. "What really galls the man in the street," said a Western diplomat, "is watching a fleet of Russian trawlers fishing off the coast when there is no fish in the shops of Luanda."

Angola pays a heavy price for its help from the Eastern bloc. Since the ruling MPLA declared the country independent in 1975 after a bitter civil war, thousands of Cubans, Russians and East Germans have been providing everything from military strength (17,000 Cuban troops) to doctors and agronomists.

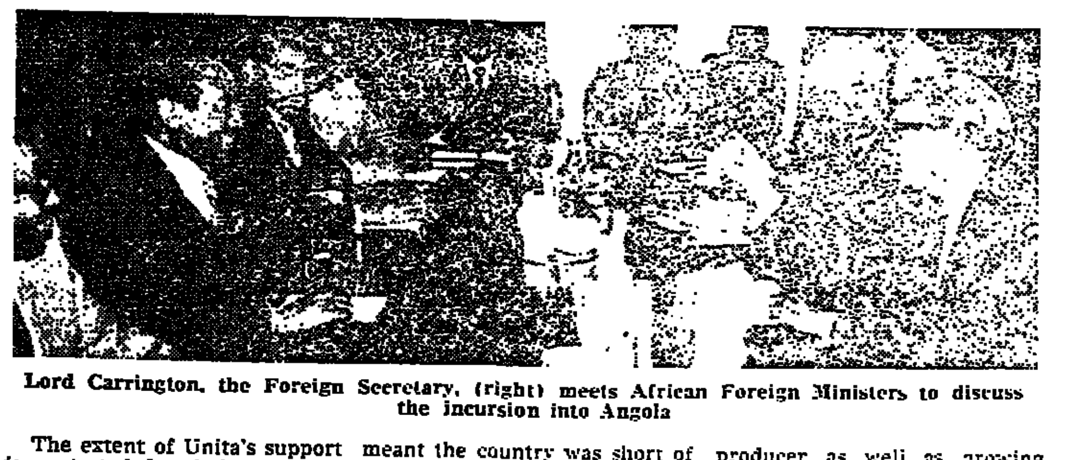
The future of the Cuban troops remains a contentious issue with the MPLA. But while South Africans make regular, often devastating raids across the border and provide support for the dissident Angolan guerrilla group, Unita, the Luanda Government has little alternative but to rely on outside help.

Visiting businessmen and Western diplomats are frequently told Angola would like to improve its links with the West. Western technicians run the oil business, which accounts for nearly 80 per cent of foreign exchange earnings and Angola has been a cautious but regular borrower in the capital markets.

But under President Jose Eduardo dos Santos, who became leader after the death of Agostinho Neto in September 1979, there has never been any real doubt about who Angola sees as its best allies. This week's South African incursion into the country from Namibia has only strengthened the resolve of the Angolan Government to keep the Cubans in place.

Yet the Angolan government badly wants a solution to the Namibian question. It has continued to give full support to the South West African Peoples Organisation (Swapo) in its fight to win independence for Namibia, but Swapo has attracted South African wrath.

In addition, South African support for Mr Jonas Savimbi's Unita forces—one of three groups which battled for power after the Portuguese pulled out—has made them a thorn in Luanda's side.



Lord Carrington, the Foreign Secretary, (right) meets African Foreign Ministers to discuss the incursion into Angola

The extent of Unita's support is contested, but it has enough military muscle to keep almost permanently out of action the Benguela railway line running from the southern Zairois mining province of Shaba to the port of Lobito. It has some tribal support in the south.

In the rest of the country, the MPLA Government has established itself. Following last December's party congress, President dos Santos, formerly Minister of Planning, asserted himself as the country's undisputed leader. Now he has the tricky job of charting a course between economic pragmatism and increasing Western involvement, and maintaining the momentum of the socialist revolution.

Commercial contracts with the West are growing, but mutual suspicion persists

The civil war left the economy in tatters. The departure of more than 500,000 Portuguese meant the country was short of technical expertise, and undermined the distributive trade and manufacturing industry. A few have come back but most trained manpower comes from the Eastern bloc.

Yet the economy bounced back remarkably quickly, thanks largely to buoyant world prices for its oil exports. Angola produces about 160,000 barrels a day (b/d) and mining, including oil, accounts for 23 per cent of gross domestic product and more than 80 per cent of foreign exchange earnings.

It hopes that production will more than double to 400,000 b/d by 1985.

Oil prices helped gross domestic product to grow by 20 to 22 per cent a year in current terms between 1978-80, according to Angolan estimates. Reliable figures are scarce, however, and there is no sure indication of the rate of inflation. However, the country seemed to be back to 1971 production.

In 1974, Angola was self-sufficient in food and was the world's fourth-largest coffee producer as well as growing cotton, sisal, sugar, maize, and rice for export. It is now a large net importer of food.

The biggest single project under way is to triple Luanda refinery's capacity to 4m tonnes of crude a year at a cost of $200m to $300m. Many of the industrial projects are going to Western companies and Angola is becoming increasingly familiar in the Euromarkets where it has been borrowing over the past two years. As a result, foreign debt has shot up from $287m in 1977 to $984m last year.

In spite of the fast-growing commercial contacts between Angola and the West, suspicions persist on both sides. U.S. trade with the country amounted to $638m last year—considerably higher than with almost all other African countries—but under President Reagan the U.S. is probably farther from giving diplomatic recognition to the MPLA Government than at any time since the civil war.

Mr Average learns a little more about South Africa

BY BERNARD SIMON IN JOHANNESBURG

THIS WEEK'S incursion by South African forces into Angola differs in one important respect from the invasion in late 1975, when the South Africans marched virtually to the outskirts of Luanda in a bid to topple the newly-installed MPLA Government.

In 1975, the average South African in Johannesburg or Bloemfontein had no idea that his country's forces were fighting hundreds of miles north of the Cunene River, the border between Angola and South-West Africa (Namibia), which was supposedly the northern limit of what the defence force calls the "operational area."

For months afterwards, the Government refused to allow newspapers to publish details of the expedition, not even to repeat reports which appeared in foreign news media.

This time, newspapers have been permitted to print the Angolan news agency's version of the fighting, and reactions in the British and U.S. Press. It is a moot point however, whether the difference between 1975 and 1981 is a cause for satisfaction.

About the only thing South Africans do know is that their forces have been or are in Angola. Mr P. W. Botha has gone no further than to claim that the Angolan account of the fighting is "highly exaggerated." If local newspapers do have information on the size of the incursion, and the extent of its success or failure, they are not allowed to publish it.

Tragically, one reason why Mr Average may be allowed to know slightly more than he was six years ago is that he has become increasingly inured to the conflict.

Whites believe they are fighting for a worthwhile cause

Casualty figures in the border war barely make news. South African claims of the number of Swapo guerrillas killed are announced weekly, and rate only a few paragraphs in most newspapers, even if the figures run into dozens.

Most white South Africans undoubtedly still believe that their sons, who are now liable for two years' compulsory military service, compared with nine months at the end of the 1960s, are fighting for a worthwhile cause in Namibia.

Mrs Henriette Harmse, whose father-in-law was killed in Angola in 1975 and whose husband was one of eight soldiers who died this week, told a newspaper yesterday that her husband "did not die for nothing. He was fighting for his country, his people, his family."

Even the Parliamentary Opposition and English-language newspapers keep public criticism of Defence Force operations low-key.

Few voices have been raised against South Africa's increasingly rapid slide into militarism. Its manifestations are bold and clear—a defence budget which grows by over 20 per cent one year after another, hours of "forces favourites" record requests on the radio, and frequent military dispiayse around the country.

The country's 20m blacks are virtually ignored when military matters are discussed and few whites bother to gauge their feelings. However, yesterday's main headline in the Sowetan, a black oriented newspaper, probably gave a fairly good clue to where their sympathies lie.

Quoting the Organisation for African Unity, the Sowetan headlined its story of the raid into Angola simply: "Blatant attack."

POLITICS IN THAILAND

Kriangsak returns to Bangkok's merry-go-round

GENERAL PREM TINSULANONDA, the Prime Minister of Thailand, retired on Wednesday of this week as Commander-in-Chief of the country's armed forces. There are plenty of signs that his authority in other areas too is being tested in classic Thai ways that have led to the downfall of previous governments.

One widely-held view in Bangkok is that General Prem has confirmed his reputation as a ditherer who finds decision-making painful. Far from capitalising on the failure of the April Fool's Day coup attempt, the Prime Minister has allowed things to slip further from his grasp.

Gen. Prem (above), may not be able to rely on King Bhumibol (below) if his authority is challenged.

Devaluation of the Thai currency, the Baht, in July—albeit by only 8.7 per cent against a strengthening U.S. dollar—was viewed as something akin to military defeat by many influential Thais.

Expectations of change were only increased earlier this month by the crushing by-election victory at Roi-Eet by General Prem's predecessor as both Prime Minister and Commander-in-chief, General Kriangsak Chomanond. General Kriangsak comes back into politics only as an ordinary member of Parliament, but there is already a cluster of other members anxious to join him.

General Kriangsak's own authority as Prime Minister began to crumble from the time he handed over to General Prem as Commander-in-chief. Many now wonder whether this week's handover of the commander's baton to General Prayuth Charumanee will mean that General Prayuth in turn will be knocking at the Prime Minister's door—or will it be Kriangsak again?

The answer is far from apparent. Thai politics are perhaps more complicated than those of any other Asian State. Virtually the only developing Asian country not to have been colonised, Thailand is in the throes of far-reaching changes.

In the flurry of activity since the by-election, the common man is again left on the outside—looking in as MPs and leading interest groups as they wheel and deal for influence and try to guess which will be the winning side.

At the moment, the betting is that General Kriangsak will rise quickly in the 301 member Lower House. He also has the useful advantage of having appointed, when he was Prime Minister, 175 of the 225 members of the Upper House. But he does suffer from two disadvantages. He has yet to re-establish his support in the army. And he is not the most popular figure in the royal household, particularly with Queen Sirikit. She has not forgiven him for ousting the right wing Professor Thanin Kravixien who was Prime Minister at the time of the 1977 coup.

It is difficult for foreigners to appreciate the role of the Thai royal family, especially as it is one of the taboo subjects in the local media. King Bhumibol is a treasured symbol of the independence and integrity of Thailand. His picture occupies a place of honour in practically every one of the homes of the 47 million Thais.

On the other hand, the King's day to day influence is much less.

Rather, he puts the royal seal of approval on events or people, "like a good housekeeping symbol" said one Thai speaking observer rather unkindly. This means that the King could bring his influence to bear in a crisis, but could not resist a figure who had come through the other powermongers unopposed.

The events of April, however, showed the new fluidity in Thai politics. The attempted coup revealed that the army was not united. The real leaders were colonels, where previously the generals had stepped in as guardians of the unity of the nation. This betrayed the extent of the turmoil in a plural society wrestling with the problems of high growth rates—more than 7 per cent a year—which have produced new social factions jostling for a say in their political destiny.

Soldiers who hate the corruption and intrigue of the rich businessmen and yearn simply for the strong straightforward days of the paternalistic Marshal Sarit, in the early '60s; bureaucrats who hate the inefficiencies of the politicians; bureaucrats also who hated a man of action like Mr Boonchu Rojanasathien, the former Finance Minister, who had his own programme and pushed hard to implement it; the big businessmen who have grown used to getting things done by throwing their money around; the new and growing urban labour force which is restless in the face of inflation; peasant proprietors who see how agricultural growth has been the backbone of Thailand's progress yet see themselves losing out to middle men in Bangkok; marginal farmers who are being squeezed out—these and others are the many and varied interest groups which General Prem must struggle to orchestrate if the new pluralism of Thai political life is not to sweep him away, an uncertain leader in an era of uncertainty for his country.

Reagan studies MX basing plans

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT REAGAN is now studying compromise plans for the basing of America's new mobile MX intercontinental missile — an issue that has aroused mounting controversy in recent weeks.

The White House has said Mr Reagan will not announce a final decision for at least another three weeks. But the latest favourite is a reduced version of the extravagant plan endorsed by President Carter to shuttle 200 missiles around a "race track" of 4,600 silos in the Utah-Nevada desert. But there will be studies of possible alternatives in the years ahead.

One of the schemes on Mr Reagan's desk is for 100 missiles to be placed in 1,000 shelters in an area near Las Vegas where the Air Force already has bases and firing ranges.

If the missiles could be hidden in really deep "super-hard" silos, the theory goes, they would not need to be dispersed so widely. This would save the inhabitants of Utah and Nevada from the disruption that the original "race track" would undoubtedly have caused.

While the initial 100 missiles were being put in place, studies would continue of the possibility of placing the new missile on aircraft or some other form of deployment. At the moment, there is no agreement at all among strategic experts over the best way to make the missile invulnerable to a Soviet first strike.

There is even disagreement over the extent to which America's present ageing land-based Minuteman missile force is already vulnerable, and whether, therefore, the MX is even necessary.

The cost of basing the MX, estimated at anywhere from $50bn upwards, will also have to be a consideration. No final decisions have been taken on the size of the defence budget for 1983 and 1984, the subject of a meeting of Mr Reagan's top advisers in California earlier this week.

The Reagan Administration will seek to reduce spending by $4.1bn (£2.2bn) in fiscal 1982 by refusing to let agencies spend all the money authorised by Congress, the Budget Office said yesterday.

Reuter reports from Washington. The Office of Management and Budget will tell departments to stick to figures first proposed by President Reagan in March, in an attempt to hold the fiscal 1982 budget deficit to $42.5bn.

Exaggerated signal cures Voyager fault

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AS THE Voyager 2 spacecraft sped on from its Saturn encounter en route to Uranus and Neptune yesterday, scientists at the Jet Propulsion Laboratory at Pasadena, California, succeeded in partially rectifying the fault with the spacecraft's cameras.

The platform containing the cameras had become stuck as the Voyager 2 passed through the Saturn ring system early yesterday, preventing some of the most critical and dramatic pictures of the entire mission from being either taken or transmitted to earth.

In efforts to un-jam the platform—which in its existing position meant that the cameras were focused at the wrong angle—a weary ground flight engineer inadvertently sent an exaggerated signal to the spacecraft, 10 times greater than previous orders designed to free the platform.

The signal worked, and the platform was freed, responsive to commands from Earth. But the two cameras and three other instruments aboard still need to be checked out before picture transmission can recommence.

Other instruments aboard the Spacecraft continued to work normally.

One of the critical problems is whether during the period of jamming, while Voyager 2 was on the far, dark side of Saturn, it was able to take any pictures at all of the famous "rings" surrounding the planet.

If it had, these would have been tape-recorded for subsequent transmission to Earth. The question yesterday was whether any such pictures, if taken, could be rescued from the recorder and transmitted later.

Amtrak to cut services by 10%

By Ian Hargreaves in New York

AMTRAK, the Government-controlled rail passenger network in the U.S., is to cut its services by almost 10 per cent after a compromise between the Reagan Administration and Congress over the level of federal subsidy for the railway.

Most of the cuts proposed are in the level of service between cities, although some routes are to be eliminated entirely, including Seattle-Vancouver, and Chicago-Dubuque, Iowa.

Under the terms of the initial Reagan budget, Amtrak's funding from the Government would have been cut from $993m (£538m) as proposed by President Carter for the fiscal year starting in October to $613m (£332m).

Amtrak immediately announced that this would mean eliminating all services apart from the so-called north-east corridor between Boston and Washington, closing about 20,000 miles of routes and sacking 23,000 people.

This almost certainly exaggerated picture was promoted by Congressmen.

The result was agreement between Congress and the administration to provide $735m for Amtrak, a sum which Amtrak now says should guarantee the existence of the reduced system for at least two years.

Mr Alan Boyd, Amtrak's president, says his goal is to finance the railway's operating costs from ticket and other revenues by 1985. Similar goals in the past have proved elusive.

Although Amtrak has been a bottomless drain for federal funds since its formation from the wreckage of the country's sprawling rail network in 1971, there is some optimism that it may have passed the nadir in its fortunes.

Brazil deploys troops in north-east capital

BY ANDREW WHITLEY IN RIO DE JANEIRO

TROOPS in combat fatigues have been deployed in Salvador, the capital of Brazil's poor north-east region, after a week of disturbances. The clashes with students and unemployed young people have been the worst in the city for 50 years.

Salvador, which has the highest unemployment rate of Brazil's big cities, was reported quieter yesterday than on Wednesday, when more than 100 buses were damaged in separate incidents. Tension eased with the release of some 23 people detained since the worst violence at the end of last week.

The presence of several hundred soldiers from the paramilitary Policia-Militar underlined the Government's concern to stamp out unrest as quickly as possible, for fear it could provoke elements in the armed forces to take tougher action.

Sr Leitao de Abreu, the President's chief political adviser on domestic affairs, is reported to have warned that the violence in Salvador jeopardises democratisation in Brazil.

In a report published yesterday in the influential Jornal do Brasil, Sr Leitao quoted Goethe to the effect that injustice was better than disorder. Any attempt at change through violence was a risk for all those in favour of democracy.

According to the account of senators from the pro-Government PDs party, Sr Leitao told them on Tuesday that the Government is watching with concern the infiltration of agents of the extreme Left. These agents were said to have been involved in the Salvador unrest.

The newly-appointed head of President Figueiredo's civil household may have been referring to the activities of two local grass-roots organisations—the Movement against Scarcity, and the Amnesty and Human Rights Committee—in Salvador, which played a role in organising demonstrations against an announced steep ***rise in bus fares, the original*** **cause of this disturbances.**

The two organisations were to meet Sr Mario Kertesz, the mayor of Salvador, yesterday, in an attempt to resolve the impasse over the bus fares. The mayor has refused to retract the increase of nearly two-thirds in the ticket price, arguing that subsidies are likely to cost the city the equivalent of $3.2m (£1.7m) this year.

Canada security plan hitch

By Victor Mackie in Ottawa

MR ROBERT KAPLAN, the Canadian Solicitor General, has rejected as "too cumbersome" the external controls recommended by a Royal Commission for the new intelligence agency which will take over national security duties from the Royal Canadian Mounted Police.

Mr Fred Gibson, aged 46, who will head the new agency, agreed, *telling a joint news conference*: "You can't tie this agency in red tape."

However, Mr Gibson promised that the new agency would considerably reduce the 800,000 files on Canadians kept by the Mounties' security service.

Both men told reporters they agreed with the commission that the files include "thousands of people who are not threats or potential threats to security in Canada."

The external controls proposed by the Royal Commission included a three-member advisory council on security and intelligence to be appointed with the approval of both Houses of Parliament.

● Mr Ed Broadbent, the leader of the New Democratic Party, told the Press that Mr Pierre Trudeau, the Prime Minister, "ignored his responsibility" by not seeking more details about illegal RCMP activities when informed about them by the police force in 1970.

● Canadian Federal Energy Minister Mr Marc Lalonde and his Alberta counterpart, Mr Mervin Leitch yesterday extended their Wednesday meeting in a final bid to resolve the country's year-long federal-provincial energy dispute. The two Ministers may continue their talks until tomorrow.

Andrew Whitley casts a cold eye over Brazil's political reforms

'Opening up' proves a slow business

THE RETURN to high office of Sr Leitao de Abreu after an absence of over seven years marks the renewed ascendancy of a powerful political faction in Brasilia associated with the hard-line regime of former President Emilio Medici.

The re-appointment of Sr Leitao to his old job of head of the President's civil household in succession to the long-serving *and highly influential Gen* Golbery do Couto e Silva, has potentially far-reaching implications for the military-backed regime's programme of political liberalisation known as *abertura*.

Gen Golbery resigned abruptly earlier this month with no public explanation offered or given.

The reason for the silence was clear. Gen Golbery was the chief architect of the regime's programme to relax the controls imposed 17 years ago when the army seized power. Under President Joao Figueiredo, *abertura* — "opening up" in Portuguese—has transformed the repressive atmosphere.

Gen Golbery was the master planner of *abertura*, but with Machiaveili's The Prince in his back pocket. Present-day *Brazil with its rapidly increas*ing complexity and diversity demanded, so his theory ran, *that power be returned to the* people.

Neither Gen Golbery nor any of the other members of the coterie of former army intelligence officers which still runs Brazil could be described as born-again democrats.

The decision gradually to withdraw the military from the front line of Government was a cold pragmatic one. It was *put into effect soon after the* installation of President Figueiredo in March 1979 for a six-year term of office and was based on the need to preserve the army's unity and enable it to intervene again, should the need arise.

The plan is for national elections in November 1982 for the State governors — powerful figures in a federal system—and for the congress, then in 1984 for the presidency itself. It is hoped that a civilian will take over from Gen Figueiredo and there is already no shortage of self-declared candidates.

But besides these two dates, and a superficial hustle of political activity, Brazilians have so far nothing to go on in weighing up the political implications of *abertura*. Gen Golbery may have had his vision *but it is generally agreed that* there was no detailed map for him to plot his way through the minefield of Brazilian politics. Without him, what of *abertura*?

"I will be its guarantor," Gen Figueiredo was reported as saying the next day. The 63-year-old former cavalry officer is showing a surprising taste for populism and most Brazilians seem prepared to give him the benefit of the doubt.

As with any political label, *abertura* has taken on a wide *range of meaning. To the work*ing man, it means the tacit right to strike, although within narrowly defined limits governed by labour laws modelled on those of Mussolini; to students and intellectuals, it has meant a virtual end to torture and political harassment, the return of political exiles and a considerable degree of freedom of expression. To the apolitical middle classes of Rio and Sao Paulo, *abertura* has meant mainly a relaxation of moral censorship. To the rich business classes, fearful of the disorder genuine democracy might bring, *abertura* at least promises a rolling back of the State's frontiers in the economic sphere.

The emphatic growth of the Brazilian economy, in the face of energy and financing problems, has made a contribution to *abertura*. But rising urban unemployment is becoming a serious worry to the Government, while the widening gap between rich and poor poses long-term dangers. Even so, but for the dynamic performance of Brazil's industrialists, the rapid growth of a population already 119m strong would have overwhelmed the regime, leaving it no option but to batten down the hatches economically and politically.

The *great* danger is that until now all the recent changes and reforms have been gestures from the centre without debate. No major institutional changes have been implemented yet. Hard decisions on issues such as electoral reform will have to be taken well before the elections and there are signs of last-minute *cold feet*.

Brazilians are a tolerant, easy-going people who, on the whole, have put up with the repression of the past with resigned acceptance. Yet the reforms already in effect will, in time, create their own momentum towards democracy and reinforce the genuine political activity taking place in the church and the unofficial trade unions. The resignation of Gen Golbery is a warning that *the Brazilian Government may* not accept such developments with equanimity.

Italy reaches oil imports accord with Saudi Arabia

BY RUPERT CORNWELL IN ROME

ITALY HAS reached agreement with Saudi Arabia to import 200,000 barrels of crude oil a day, ending 18 months of coolness and mistrust that have soured commercial relations and interrupted an oil agreement between the two countries.

ENI, the Italian public sector energy agency, said yesterday that a new bilateral oil supply agreement had recently been signed in London with Petromin, the Saudi Arabian state oil company.

The new deal provides for delivery by Petromin to AGIP, an ENI subsidiary, of the *200,000 b/d for a six-month* period, a rate equivalent to 10m tonnes a year.

It replaces a previous agreement concluded in the summer of 1979 and broken off unilaterally by the Saudi side, amid a massive scandal over alleged kickbacks on the deal, said to have involved both Italian politicians and members of the Saudi Arabian Royal Family.

Under the earlier deal, Petromin was to have supplied Agip with *a total of 12.5m* tonnes over 2½ years. The row surrounded a commission of 7 per cent, worth $115m (£61.8m) based on a price in 1979 of $18 per barrel over the duration of the agreement.

No conclusive proof was ever forthcoming to substantiate the allegations. But the scandal not only caused profound embarrassment and annoyance in Riyadh, but also cost Sig *Giorgio* Mazzanti, the then president of ENI, his job.

The new arrangement was signed in London two weeks ago by Sig Alberto Grandi, ENI's new president, but the company only confirmed the news yesterday. It is the fruit of many months of patient endeavour by Italian officials and industrialists to mend broken fences.

Italy already is heavily reliant on Saudi crude to meet its imported energy requirements. *In the first half of this* year the Kingdom covered 36 per cent of total oil deliveries to Italy, making good quantities that largely would have come from Iraq, engaged in protracted war with Iran.

With Saudi oil held at $32 per barrel after the collapse of last week's Opec talks in Geneva, Rome will have the chance of using the new imports to replace more expensive crude shipped from Italy's second largest supplier, Libya.

The ENI-Petromin agreement, moreover, is a sign that the climate in Saudi Arabia is now likely to be friendlier to other Italian industries seeking to win export orders there.

Indonesia signs oil-sharing deals

BY RICHARD COWPER IN JAKARTA

PERTAMINA, INDONESIA'S state-owned oil company, yesterday signed three production-sharing contracts worth up to $389m (£209m) with four foreign oil companies.

The contracts followed the signing in Tokyo earlier this *week by Pertamina and a group* of Japanese liquefied natural gas (LNG) buyers of an $862m loan for the construction of two production units at its LNG plant in Aceh, North Sumatra.

The deals provide further evidence that Indonesia—the world's top exporter of LNG and the largest exporter of petroleum east of the Gulf—is experiencing a boom in its oil and gas industry.

Foreign oil companies say they plan to spend more than $3bn on exploration, development and production in Indonesia this year—more than 60 per cent up on last year. Oil production has already started to climb after a three-year fall.

At the same time, planned LNG expansion should double Indonesia's LNG exports by 1985-86.

The agreements signed yesterday with Amoco of the U.S. where a joint venture between Off-shore Oil NL of Australia and Oxoco International of the U.S. and a joint venture between Trend Energy Kalimantan of the U.S. and Sedco Indonesia, now bring to nine the number of such contracts signed by Pertamina this year.

The latest agreements cover two onshore areas totalling about 15,000 sq km in South Kalimantan (formerly Borneo), and one area of some 7,500 sq km off the coast of North Sumatra.

They specify that the companies spend at least $191m on exploration in the next six years. Pertamina has received from them $24m in information bonuses. If output reaches specified levels, Pertamina could receive as much as $174m in production bonuses.

Under the production-sharing side of the agreements, Pertamina will receive 85 per cent of the oil and 70 per cent of the gas after deductions for costs. The foreign companies will meet all costs for exploration, development and production.

Pertamina's signing of the loan in Tokyo ended more than two years of negotiations with a consortium including Tokyo Electric Power, Tohoku Electric Power and Mitsubishi.

In April it concluded 20-year sales agreements with the three Japanese companies for 3.3m tonnes of LNG a year from the Arun plant expansion.

In May, Pertamina awarded the construction contract to Chiyoda Chemical Engineering and Mitsubishi. The loan agreement signed on Monday was the last major hurdle, and construction is expected to start later this year. The loan will be repaid by Pertamina in the form of LNG.

Japanese toy exports up 86.5%

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPANESE light industries, expected to be squeezed out of world markets by competition from newly industrialising countries such as South Korea, Taiwan and Hong Kong have been making a comeback, according to a survey by the Japan External Trade Organisation.

The survey says Japan's toy exports rose by 86.5 per cent last year to $675m (£365.9m) and by 19.2 per cent in the first half of this year to $326m.

Other industries that have been doing well overseas are: clothing, up 43 per cent to $162m last year and by 46 per cent to $105m in the first half of this year; furniture, up 54.9 per cent and 34.8 per cent respectively, and stainless steel tableware, up 32 per cent and 29 per cent. Exports of cigarette lighters increased by 19.6 per cent to $221m last year, the rise in the first half of this year was only 3.3 per cent, apparently because the weakness of several European currencies reduced Japan's competitive edge against domestic products.

The trade *organisation says* the weakness of the yen in the first half of last year boosted light industry exports, but the impetus seems to have been maintained even after the yen strengthened later in the year.

Nearly all Japan's light industry products face competition from developing industrial countries, it says, but special *factors have assisted its export* effort.

In the case of toys, the key to success was the introduction of teenage or adult "toys" incorporating integrated circuits. Exports of table games controlled by such circuits increased five and a half times last year, accounting for two thirds of the increase in toy exports.

The trade organisation says Japanese cigarette lighters dominate *European markets* in the $10 to $50 price range, partly because of their technological sophistication which includes integrated circuitry.

In ceramic tableware, Japan competes in most European countries with medium-quality products, while leaving the top of the market to domestic producers.

As a clothing manufacturer, Japan cannot match the costs of newly industrialising countries or the design skills of Western Europe. However, technological expertise in specialised areas, such as stretch-denim for sports wear, helped to produce strong growth in overseas demand.

Plea to forestall trade frictions

TOKYO—The Japan Foreign Trade Council yesterday urged the Government to take prompt action to step up imports of industrial products in order to forestall trade frictions.

The Council, a non-governmental foreign trade policy planning body, said in a proposal to the Government that Japan's excess of exports over imports, recorded since last February, would assume significant proportions in the coming months as the yen continued to decline in its exchange value.

As an immediate measure to promote imports of manufacturers, the council called, among other things, for early restoration of the Governmental low-interest foreign currency loan system.

As long-range measures, it stressed further efforts to insure a stable expansion of domestic business *activity and to stabilise* the exchange rates of the yen against the dollar and other currencies.

The council also pointed out that Japan's imports of industrial products in the 1971-80 period soared 2.4-fold, in terms of tonnage, compared with fuel imports jumping 25 per cent and food imports 62 per cent. In value, however, industrial products accounted for only 23 per cent of total imports in 1980, far below about 60 per cent for the U.S. and Western European countries.

Agencies

Why airborne access to West Berlin is such a fragile proposition

BY ROGER BOYES IN BONN

IN THE cut-throat world of airline competition, cries of "foul" are often heard when one company feels it has been victim of a possibly-biased government ruling favouring a rival.

Just such a cry has come from Air Berlin, a tiny U.S. airline trying to break into the exclusive system of scheduled air routes linking West *Germany with Berlin*.

The objection centres on the rejection of its application to operate a scheduled service between Frankfurt and Berlin in competition with Pan American Airways.

The route is one of the most prized in what must be the Western world's most curious regional airline system — the IGS, or internal German services. Under this system only airlines designated by West Berlin's occupying powers—the U.S., Britain, the Soviet Union and, to a lesser extent, France—may operate services linking Germany's larger cities with a divided and isolated former capital of the Reich.

In the case of West Germany, from which the Soviet Union is excluded, this has meant the *routes have been dominated by British Airways and Pan Am*, with token services by Air France, to the virtual exclusion of other competition. Under the post-war four-power agreement set up to protect air access to Berlin, not even German airlines such as Lufthansa are allowed to operate.

Since the routes operate over Soviet airspace, Soviet Government approval is required. This *permits low-level commercial* flights from West Germany over three narrow corridors linking Berlin with Hamburg, Hannover and Frankfurt.

Flights from other parts of Germany or overseas must be directed along one of those three corridors. Air Berlin's setback has highlighted the political and commercial vulnerability of West Berlin and touches at the root of East-West relations.

The crucial criterion for IGS is the security and reliability of service: can airlines working the Berlin routes guarantee they will not suddenly stop, thus endangering Western air access to West Berlin?

Air Berlin, a subsidiary of Lelco of Oregon, argues that if the number of flights to Berlin are increased, the *security of the city is increased*. If, as Air Berlin has proposed, significantly cheaper fares are offered, the population of Berlin benefits.

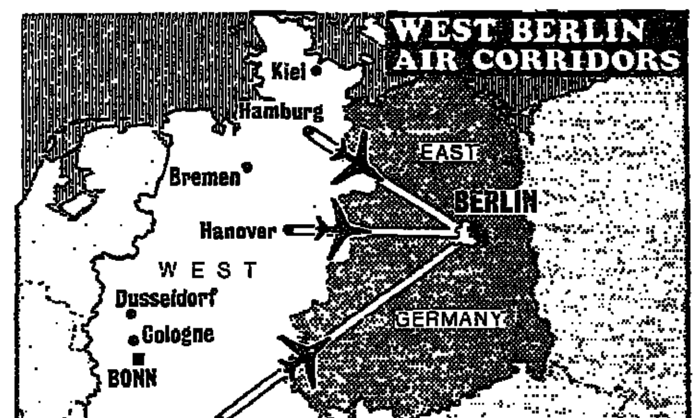
Pan Am and British Airways—in reports to the allied civil air attachés in Bonn—maintained that to allow Air Berlin to operate a scheduled Berlin route would unleash a fare-cutting war and perhaps force them to reduce services. This would harm the security of access to Berlin. Both carriers offer cheap fares and the routes are not thought to be profitable, although they are subsidised.

The allied Governments appear to have agreed with the arguments put forward by the two.

In a rejection letter to Mr John MacDonald, president of Air Berlin, the U.S. air attaché wrote: "The three powers and the Government of the Federal Republic of Germany support the value of competition in principle. However . . . the attachés note that any carrier on the Inner German Services must demonstrate a credible commitment to maintain stable services in bad times as well as good."

This phrasing echoes that used in the two reports by Pan Am and British Airways. This similarity has reinforced the belief of some Air Berlin executives that the allies care little about the "value of competition" and that they have been acting more to protect a commercial monopoly than to defend Berlin's political security.

That conviction gains some support from the remarkable speed with which the *application* was rejected.



On May 29, Air Berlin, *which* does operate Berlin charters and a scheduled flight linking from Orlando, Florida, to Brussels and Berlin, applied for a Frankfurt - Berlin - Frankfurt route to compete with Pan Am.

By June 30, Pan Am produced a rebuttal, followed three days later by a submission from British Airways and Air France.

Air Berlin was asked to reply to *suggestions that it was try*ing to minimise charter losses by breaking into its scheduled routes.

It replied on July 23, but within five days the application was rejected. What has irritated Air Berlin is that a few days after the rejection, on July 31, the U.S. Civil Aeronautics Board in Washington issued formal approval recognising Air *Berlin's ability to act* as a scheduled airline, describing it as a "fit carrier." This would have answered some of Pan Am's criticisms, yet the allies did not wait the extra few days for the ruling which might have swayed the case.

The allies have refused to comment in detail on the reasons for making their decision with such speed.

Whatever the motives in this wrangle, interesting elements *have* emerged about Berlin's precarious dependence on the hard-nosed world of commerce.

● High fuel costs, and cheap fares offered by Britain's Laker Airways, have squeezed the charter trade in Berlin. Air Berlin concedes that this is one of the motives for expanding into scheduled services.

● While Pan Am argues that Air Berlin is trying to "skim the cream" off the Frankfurt route, it is only this lucrative route that allows Pan Am to operate other less popular services to Berlin.

● Both Pan Am and British Airways are determined to hold the line on price cutting. Bidding for routes on the strength of lower fares has been "disastrous" according to Pan Am. "The results of this development are clear for all to see. For instance in 1980, on the North Atlantic, only one carrier, TWA, had an operating profit and that was minimal."

There is no doubt that the Big Two have a lot at stake in maintaining their route exclusivity. Pan Am, which marked its 35th anniversary in Berlin last May, estimates it has carried 40m passengers on IGS in that time. It operates 70 flights a day between Berlin and other West German points.

British Airways will mark its 35th anniversary on the IGS on September 1. It has carried some 25m passengers and is operating 50 flights a day. The British carrier and Dan Air are both displeased at this week's Civil Aviation Authority allowing Laker Airways to operate a London-Berlin service. British Airways says it will lose £1.5m a year in revenue and Dan Air, a much larger charterer into Berlin than Laker, is considering appealing against the decision.

The fact is that airborne access to Berlin is a fragile proposition. Charter services are a matter of commercial whim and do not offer the security guarantees of scheduled services, yet scheduled flights have to be guarded for fear that price cutting and the current financial instability of carriers, such as Pan Am, will force them to rein in their services.

Berliners who have lived through the Soviet air blockade of the Cold War know how important such flight links are, but it comes as a shock to them to find out that one of the most important pillars of the East-West relationship is based on such shaky foundations.

CBI survey forecasts more Midland job cuts

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

MORE REDUNDANCIES are on the way in the West Midlands according to a survey of business opinion published today by the regional office of the Confederation of British Industry.

The survey provides no evidence of recovery, in contrast to national reports of an improvement in business prospects.

Mr Chris Walliker, chairman of the regional council, said last night: "Even if the recession has levelled off—and I'm not sure that it has—orders are at rock bottom. At present levels of demand further unemployment is inevitable, not just in manufacturing but across the board."

Many Midland industrialists believe that without Government intervention to boost demand in the autumn a further round of cuts will be necessary.

There is concern that the Government has failed to realise the impact the recession is having on one of Britain's traditionally prosperous regions. Unemployment, which has more than doubled in 12 months, continues to rise faster than the national average.

With 14.8 per cent of the working population jobless, the West Midlands is now on a par with traditional unemployment black spots. Another 100,000 workers are on short time.

Mr Walliker warned that the short time working would be translated into unemployment as companies came to the end of benefits under the Government's compensation scheme.

"We don't like to appear to be the prophets of gloom," he said. "But we have consistently tried to be realistic—to present the true facts however unpalatable they might be."

Since the beginning of the year, when the Midlands CBI had reported a levelling off in recession, there had been no measurable change. Mr Walliker said "Businessmen report things are not getting significantly worse. But we are already below the water level and will have to struggle to get our heads above the waves."

On a brighter note, Mr Steve Rankin, CBI regional director said West Midland companies were fighting against recession in a positive way. Firms were seeking new products. Marginal operations and activities with poor long term prospects were being replaced with modified or totally new manufacturing processes.

Mr Rankin also pointed out that the drop in the value of the pound against the dollar had given a lift to exports to the U.S. But sterling was still strong in relation to European currencies, and fierce U.S. competition was being felt in important Continental markets.

Pre-slump production levels 'lost forever'

By Peter Riddell, Economics Correspondent

SOME of the manufacturing output lost in the 1980 downturn will never be recovered, according to a new analysis from the London Business School.

The latest monthly report from the Business School's Centre for Economic Forecasting argues that since the problems of manufacturing industry are due partly to rapid technological change and increases in the relative price of energy, the chances of improving matters by general reflation are small.

Shift

The centre believes there may have been a once-and-for-all downward shift in the UK's productive capacity in manufacturing, although it is not yet possible to identify separate cyclical and trend influences.

"The present downturn almost certainly has a large cyclical component. But there may also be a further change in trend under way. If that is so, the usual measures of capacity probably overstate the amount by which output could be increased simply by increasing aggregate demand," says the report.

Warning

"The expansion of the early 1970s stands as an awful warning of the consequences of attempting to expand demand beyond capacity limits that have closed in unobserved. That experience is the main justification for what may seem like excessive caution today."

The centre highlights the differing views about the amount of spare capacity in the manufacturing sector. It concludes: "Some branches of manufacturing industry, victims of structural change, will not recover from the recession. Their decline and fall is, however, part of a secular process and cannot be entirely blamed on government policies."

Nearly 1,000 jobs to go, with employment black spots hard hit

BY MARK MEREDITH AND MAURICE SAMUELSON

NEARLY 1,000 further redundancies were announced yesterday, with plants in Scotland and South Wales, both areas with higher than average unemployment rates, again figuring strongly.

The Conder group, which makes steel frame building systems, is to close its plant in Cumbernauld, Strathclyde, at the end of October with the loss of 240 jobs.

A further 120 redundancies were reported from the company's other three factories at Winchester, Hampshire, Burton upon Trent, Staffordshire, and Darlington, Co. Durham.

Mr Robin Cole, group chairman, said Conder Scotland was being closed because of a reduction in the market for industrial buildings. The Darlington plant would handle production for Scotland and the North of England.

The company won the Queen's Award for a "dry envelope" concept of building construction in which the shell of a building can be quickly put up to allow work on the interior to proceed regardless of the weather.

In spite of an optimistic year-end outlook by Mr Cole, Conder reported half-year profits to the end of June down to £524,000 from £808,000 for the same period in 1980.

Mr Ian Turner, secretary of the parent company in Winchester, said that the market for industrial building had fallen about a third over the past 10 years.

The closure is the second big job loss for Cumbernauld this year. The Burroughs electronics company will have shed 400 jobs up to the end of August.

Redundancies at the British Printing Corporation will rise by a further 460 with the closure around the end of the year of three more companies in the group, headed by Mr Robert Maxwell.

These are on top of the 2,500 redundancies in the survival plan announced for the group when it was taken over at the beginning of the year by Mr Maxwell, head of Pergamon Press.

They are also separate from the 200 redundancies being sought at the dispute-ridden Park Royal plant in West London, which prints the Radio Times.

The 460 redundancies will occur at magazine printer Gale and Polden, Aldershot, Surrey; gravure house Clarke and Sherwell, Northampton; and offset and gravure label printer Fell and Briant, Croydon.

Although their closure, scheduled for between November and the end of January, was foreshadowed in last week's BPC interim statement, no details were published at the time.

Gale and Polden employs 200 while the other two companies employ 130 each.

Alcan Aluminium wants to cut its workforce at Rogerstone in Gwent, South Wales by 100. Management told union leaders yesterday that they also wanted to reduce the present three-shift operation in the extrusion department to two shifts.

The Canadian-owned company said it hoped to cut the jobs by voluntary redundancies. It blamed reduced defence spending by the Government and overstocking in the aircraft industry for the cuts.

£1m British Telecom order goes to U.S.

By Guy de Jonquieres

BRITISH TELECOM is to buy more than £1m of advanced microwave radio equipment from the U.S. It is needed to modernise London's aging telecommunications network, and British Telecom says that UK manufacturers cannot meet its needs.

It has placed the order with the Farinon Division of Harris, a leading American electronics company, without soliciting any other bids. The equipment will be made in California and is due to be delivered by the end of this year.

British Telecom said that no British company could supply comparable equipment. The order is for advanced small digital microwave transmitter/receivers, dish aerials, spares and test devices.

A consortium formed recently by Cable and Wireless, British Petroleum and Barclays Merchant Bank is also expected to turn to the U.S. for similar equipment for the independent business communications network which it hopes to start building later this year.

The consortium is still awaiting government approval for the project. But it has been negotiating with an unnamed American manufacturer to supply microwave radio links and says that it is confident of a secure source of supply.

The consortium plans to use microwave to provide links, between a 700-mile fibre optic network and city centres across the country. It has not disclosed how much it expects to spend on equipment, but it is likely to exceed the value of the British Telecom order.

British Telecom will use microwave links as part of its £17m programme to improve business communications in London. The scheme, known as an "overlay network" will start operating next month.

It is intended to provide high capacity private business circuits for voice and data communications until modernisation of the basic London network, including installation of System X electronic exchanges, is completed in 1985.

Much of the "overlay" will consist of cable. But British Telecom will use microwave radio, beamed to small rooftop aerials in some cases.

Leading debt collecting agency faces Fair Trading investigation

BY GARETH GRIFFITHS AND MAURICE SAMUELSON

THE ACTIVITIES of CBC Collections of Wallington, Surrey, a debt collecting company for the main credit card companies in the UK, are to be investigated by the Office of Fair Trading, following newspaper reports of the company's methods.

The OFT was informed of allegations about the way the company collected debts for Barclaycard, Access, American Express and Diners Club.

The OFT expects the investigations to take up to three months. It has the power to revoke debt-collecting licences under the 1974 Consumer Credit Act. There are some 12,000 debt collecting licences granted under the provisions of the Act, which the OFT polices.

CBC Collections last night said it had "no comment whatsoever" on the article in last night's London Standard. The paper alleged that among its methods of recovering debts were:

- Telling employers that they had a debtor on their payroll who was in danger of facing legal action;
- Tracking down missing debtors by staff posing as Post Office officials or Greater London Council officers with a mortgage to offer;
- Threatening people with the loss of their homes and belongings.

The major credit houses all said they were suspending business with the company pending their own investigations.

The company is one of a group used in the UK by American Express, which said it was "fairly important." American Express has been associated for six years with CBC Collections' parent company in Canada which was highly regarded.

CBC Collections is one of eight companies used by NatWest to recover debts from holders of Access cards in the UK and Ireland. It is the only agent used in this country by the Diners Club, which said it was making its own inquiries and seeking a meeting with CBC Collections's managing director. Diners Club described the allegations as "horrific" adding the company was "entitled to make an explanation to us."

American Express has been using CBC Collections for three years in the UK. Diners Club has used it for eight months and NatWest for the past five weeks.

Officials at the OFT have been worried for some time over the activities of debt-collecting agencies and believe that the recession may have exacerbated the problem. It has revoked few debt-collecting licences—about 11 since the Act came in to force and none this year.

Mr Gordon Borrie, the Director General of Fair Trading, said earlier this year that complaints received about debt collectors were only the tip of the iceberg. "Many people are either too embarrassed or too frightened to complain," he said.

Among improper practices worrying the OFT are cases of companies trading under names which implied they were connected with the courts. Such companies issue letters similar in appearance to court summonses.

Mr Borrie appealed in February for anyone who felt unfairly treated by debt collectors to complain to trading standards officers. The OFT does not want to engage in a full-scale crusade against debt collecting agencies, as some complaints it has investigated have revealed that the action was by an individual acting on his or her own initiative, rather than involving breaches of conduct by the company itself.

Sanderson retail policy cleared

BY JAMES McDONALD

THE Office of Fair Trading has cleared Arthur Sanderson and Sons—the quality furnishing fabric producers and part of the Reed International group—of anti-competitive practices in its sales policy to retailers.

Mr Gordon Barrie, Director General of Fair Trading, said in a report yesterday that there was no need to make a reference of Sanderson to the Monopolies and Mergers Commission.

A preliminary investigation showed: "There is no evidence that entry into the furnishing fabric market is dependent on supplies from Sanderson or that there is any significant unsatisfied demand among retailers to deal in Sanderson fabrics."

The OFT investigated Sanderson's distribution policy in the light of 27 cases during 1980, when companies or individuals wanting to open a fabric account with Sanderson were refused supply.

The report concluded that the market for furnishing fabrics is competitive, with a wide range of suppliers—each with a relatively small market share. Sanderson's market share in Britain in 1979 is estimated at 13 per cent.

"Entry into the market is made easier by the large number of retail outlets and high degree of substitutability between fabrics," said Mr Barrie.

The report notes that in deciding whether to supply a new retail outlet, Sanderson considers the potential effect on existing outlets.

It concludes that in the limited number of cases where Sanderson has refused to supply fabrics for this reason, there has been no effect on competition.

Channel 4 to show late films

By Arthur Sandles

ITV's Fourth Channel, now a little more than a year away, will stay on the air until the early hours for two or three nights a week.

"I these days of 3m unemployed I think a lot of people are prepared to stay up very late to watch a good film when they don't have to get up at seven in the morning," Mr Jeremy Isaacs, Fourth Channel chief executive, said.

Mr Isaacs said at the Edinburgh Television Festival that the new channel had spent £3m on commissioning programmes so far. This figure was likely to rise to £10m by next March and go to between £30m and £40m by the time the network went on the air in late 1982.

He said he was commissioning, and buying, a large amount of comedy. Included in his purchases so far is the first series of I Love Lucy, now something of an historic television document.

The Fourth Channel will broadcast between 50 and 60 hours a week and aim for a 10 per cent share of the total audience during its first three years. There will be news background programmes, and shows for the under-30s and minority groups.

A major drama production is planned for each week, and there will be a Fourth Channel soap opera.

- The BBC has won the right to continue showing the Dallas series. There was an out of court settlement of U.S. and British actions which arose from a "handshake" deal before the series became a hit.

N. Sea oil output rises 11.5%

BY MARTIN DICKSON, ENERGY CORRESPONDENT

RISING North Sea oil production and falling UK consumption meant that Britain produced some 6m tonnes more oil than it used in the second quarter of this year, according to the latest Government figures.

North Sea production from April to June totalled 21.7m tonnes, a rise of 11.5 per cent on the same period of 1980, according to Energy Trends, the Department of Energy's monthly statistical bulletin.

But deliveries of oil products dropped by 10.4 per cent to 15.3m tonnes. Fuel oil showed the biggest drop, 26 per cent, while sales of petrol fell only marginally, by 0.2 per cent.

Overall UK energy consumption dropped 4.6 per cent compared to the second quarter of 1980 — 5.5 per cent on a seasonally adjusted and temperature corrected basis. The drop is due largely to the recession, although conservation will also have played a role.

Consumption of coal fell 3.3 per cent on the second quarter of 1980 to 27.3m tonnes. At the end of July, coal stocks totalled 41.9m tonnes — an increase of nearly 800,000 tonnes on the month and the highest ratio of stocks to production for many years.

Energy Trends shows that, between the second quarters of 1980 and 1981, solid fuel and heating oil prices to domestic consumers each rose by 16 per cent, gas by 27 per cent, and electricity by 26 per cent.

For the industrial sector, price increases between the first quarters of 1980 and 1981 saw coal go up by 14 per cent, heavy fuel oil by 11 per cent, gas by 28 per cent, and electricity by 22 per cent.

CEGB awards wind generator contract

BY MARTIN DICKSON, ENERGY CORRESPONDENT

A CONTRACT to build the Central Electricity Generating Board's first wind-powered generator has been awarded jointly to James Howden, the Glasgow-based engineers and Wind Turbine Generators of Buffalo, New York.

The Carmarthen Bay machine, due for completion by the end of next year, is relatively small, with a generating capacity of 200 kw. It is designed to give the board operating experience before it builds its first medium-sized machine, with an output of at least 1 Mw. This could be producing power by 1985.

The board is looking at three sites for its first 1 Mw machine —Wigsley in Nottinghamshire, Richborough, Kent, and Bradwell, Essex. A cluster of 10 machines, spaced half a mile apart, might eventually be built on one of these sites.

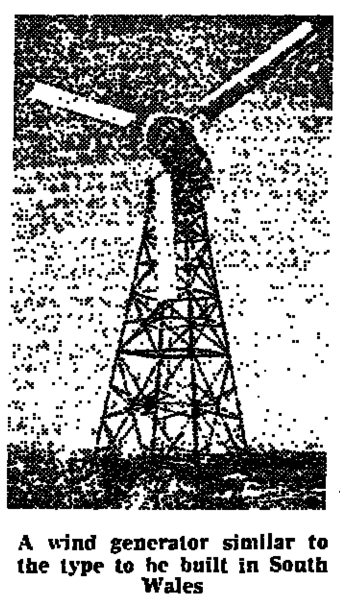
The windmill is to be built next to Carmarthen Bay power station in South Wales

The total cost, including data logging equipment and associated civil works, will be about £500,000.

The Wind Turbine Generators design was chosen from five submitted by three groups of manufacturers. The board said yesterday it had been picked because it had the greatest operating experience.

Britain's first large wind generator is being built on Orkney. The machine should be in operation by 1983-84 and will generate about 3 Mw of electricity. It has been ordered by the North of Scotland Hydro Electric Board, which is responsible for power supplies on Orkney.

Despite the growing enthusiasm of the electricity boards for windpower, this form of generation can only provide a tiny proportion of the UK's energy needs. About 2,000 machines of Mw output would be needed to match the production of just one large coal-fired power station.



A wind generator similar to the type to be built in South Wales

Carron in talks with Alison

By Our Belfast Correspondent

MR OWEN CARRON, the newly elected MP for Fermanagh-South Tyrone, is to have talks today with Mr Michael Alison, the Minister of State responsible for prison administration in Northern Ireland. The northern Ireland office has also granted permission for Mr Carron—a supporter of the hunger strikers—to visit the Maze prison near Belfast and the other three jails in the province.

But he will not be allowed to talk to Republican prisoners about the H-Blocks issue.

Today's meeting arose from Mr Carron's request to see the Prime Minister about the hunger strikes. Ten prisoners have so far fasted to death in support of five demands which the Government believes would amount to granting of political status.

Mrs Thatcher rejected the request but suggested the meeting with Mr Alison. Mr Carron does not believe his discussions at Stormont can lead to any breakthrough in the prison crisis. He said Mr Alison had no authority to settle the issue.

His visit to the prisons was granted because MPs have the right to one "general interest" visit each year. It was emphasised that Mr Carron was not given permission simply to discuss tactics with the hunger strikers.

Mr Laurence McKeown, who has been on hunger strike for 62 days is still mentally alert.

More questions than answers in Coventry

LORNE BARLING reports on the views of some of the ratepayers in a city which decided to ask the people to vote on its policies

YESTERDAY's rates referendum in Coventry, providing a focal point for the national furore over council spending, is expected to pose more questions than it provides answers.

The poll, conducted in bright sunshine and costing nearly £90,000, was condemned by many voters as a waste of ratepayers' money, because the Labour council has not undertaken to abide by the result.

A high proportion of voters questioned after the poll believed the elected council was ducking its responsibilities and forcing ratepayers to make a difficult decision on its behalf.

Their anger, already aroused by rates increases of more than 30 per cent this year, was expected to be expressed in a resounding vote for cuts in services rather than a large supplementary rates increase this year.

In a straw poll conducted after the vote, 80 per cent of those questioned said they were opposed to a rates surcharge, whatever the consequences. Most believed that the threats of cuts affecting schools, the elderly and the disabled had been made in an emotive way, and that other options were possible.

Mr Roland Moore, a 24-year-old Coventry car worker recently made redundant by Talbot, said: "If rates go up again it will mean that my chances of getting another job will be reduced. New companies just won't come to the area."

He said: "It's more important to me to have a job than to have my dustbin emptied once a week rather than every two weeks."

In the middle income Earlsdon ward, opposition to council attitudes was strong, with frequent suggestions that administrative cuts should be made within the council rather than a reduction in services.

The average household rate in Coventry has more than doubled in the past two years, and is now about £400 a year.

If the council accepts a vote in favour of a smaller rates increase now and next year, about £2m would have to be saved now and £1.5m next year.

This could involve the loss of about 100 teaching jobs, and the curtailment of social and home assistance services, shorter hours for libraries and sports facilities, less street cleaning and refuse collection, and other measures, according to the council.

The attitude of many older people in Coventry is that they have endured privations before, during the 1930s and during the Second World War, and will do so again rather than have their homes threatened by charges they cannot afford.

Industry has expressed a consistent view during the long and rancorous pre-poll campaign, summed up by Mr Andrew Stirling, President of the Engineering Employers' Federation: "More private sector jobs will go if rates are increased. There is no doubt about that."

Many voters also saw the rates dispute as an inevitable result of Coventry's industrial decline, with a smaller cake having to be shared more sparingly, and they accept the view of industry that the decline must be stopped as a priority.

The left wing of the Labour Party, which opposed the referendum on the grounds that the Labour Council was elected on a manifesto which should be implemented, will certainly resist any attempts to impose cuts.

The battle will therefore have to be fought all over again in the light of the poll result, which is likely to complicate an extremely emotive dispute even further.

Grant loss 'higher than estimated'

By Gareth Griffiths

THE EXTENT of the loss of rate support grant is much more than recent figures would suggest, the Association of Metropolitan Authorities said yesterday.

A report by the Chartered Institute of Public Finance and Accountancy last week showed a considerable shift of central government money away from the larger urban authorities. But the association said the institute figures showed the grant loss in actual cash going to local authorities without taking account of inflation.

Mr Tom Caulcott, association secretary, said the result of this difference was substantial. Birmingham, which was 8.2 per cent worse off in grant terms according to the institute, was at least 13.1 per cent worse off and possibly as much as 19.4 per cent if the Government made the threatened grant deductions.

Among the authorities to lose out most from this inflation-adjusted formula were Newcastle, with a loss of grant of £9.6m (17.9 per cent). Lambeth, London, with a loss of £11.1m (20.1 per cent). Islington, London, £19.7m (51.3 per cent) and the Inner London Education Authority with a loss of grant of £129.2m or 96.4 per cent.

Authorities that have gained this year were Tyne and Wear with an extra £600,000 (0.9 per cent), and the West Midlands with an extra £7m (9.5 per cent).

Mr Caulcott said the estimates were not just a matter of playing with numbers.

- The National Federation of Self Employed and Small Businesses has produced a booklet outlining the rights, and non-rights, of ratepapers and electors.

Disgruntled ratepayers are advised: "Don't go by hearsay and rumour. Every local authority leader in the country would be in jail if all the rumours were true."

Lloyd's syndicates soar to new heights despite profits nosedive in aviation market

John Moore analyses the record insurance figures for 1978

WHEN near-record profits of £131.4m for the 1977 underwriting account were announced a year ago, Mr Peter Green, chairman of Lloyd's of London, the isurance market, warned that the results were the best the present insurance cycle at Lloyd's was likely to produce. In the event, he has been proved wrong.

Yesterday Mr Green disclosed rofits of £174.4m, a record in money terms. The figures came as "a welcome surprise. It was considerably more than any of us had been anticipating," he added.

The figures are for the 1978 underwriting account, the latest available under Lloyd's three-year system of accounting. This means that accounts are kept open for three years; claims paid in the period of account are taken back to the original year in which the insurances were arranged at Lloyd's.

Like many insurers, Lloyd's is relying increasingly on investment income for its overall performance. High interest rates meant that Lloyd's investment income has shown a big increase. Overall premiums rose by 14 per cent but investment income after expenses jumped from about £31m to more than £63m. Straight underwriting profits—the difference between premiums and claims—showed an increase of about 11 per cent, to £111m.

Lloyd's is a market composed of about 400 underwriting syndicates. Into these are grouped the 19,000 or so members of Lloyd's, 16,000 of which are private individuals with little or no knowledge of insurance. They commit their private wealth—usually means of £100,000 must be shown—to allow the market to functon. In the event of heavy losses, claims must be met from their personal wealth and members are liable to the full extent of their wealth.

The figures shown yesterday represent the total results for all the syndicates in the market.

By far the worst performance at Lloyd's in the last underwriting account was in the aviation market. Although premiums rose by about 10 per cent to £160.5m, claims were rising by 12 per cent.

The aviation market's problems have arisen from more aggressive competition from the Lloyd's underwriters. The price of increased market share has been rate-cutting, which has led to losses for the first time in 24 years.

Underwriters, acting on behalf of Lloyd's members, are hoping to turn the cycle in the aviation market. Rates are said to be showing signs of hardening and three-year contracts—whereby a premium rate is established for an assured and not changed for three years—are being abandoned.

The aviation market has replaced the non-marine market as the most unprofitable of Lloyd's. The non-marine market —whch insures all types of business from actors' legs to household contents and fire risks—provides Lloyd's with nearly half its total premiums of £2.16bn.

Although the non-marine market's underwriting profit is small—about £28m—it has generated a further £44m in net investment income. This is in spite of the fact that Lloyd's has had to top up its reserves for computer-leasing losses. Computer-leasing insurance claims accounted for the largest series of losses in Lloyd's history, which meant that underwriters had to reserve over $340m (£184m) in the 1977 account. These reserves have had to be increased by more than $60m in the latest accounts.

So far, Lloyd's has paid out about $235m in computer-leasing claims and while it is waiting to pay out the rest the money is earning important investment income

But worsening competitive trends in the non-marine market yesterday prompted Mr Rodney Wace, chairman of the non-marine underwriters association at Lloyd's, to attack "spurious reinsurance markets." He said: "The activities of new and unproved groups of reinsurers do much to promote the unwanted excess capacity available today." He warned that these reinsurers often leave payment of claims — if the claim is large enough—until legal action has finally cornered them.

Ultimate profit of the motor insurers at Lloyd's, as expressed as a percentage of premium, was the poorest since the loss years of 1969 and 1970. As a percentage of premiums, profits were 3.84 per cent compared with 5.4 per cent in the 1977 account. The motor account was affected by bad weather in 1978.

As for the important marine account — traditionally the most profitable area at Lloyd's outside the emerging market in temporary life insurance, underwriting profits fell from £76.4m to £69.3m.

This was more than offset by high levels of investment income. The marine account escaped any major catastrophe and shipping losses, although a record at the time, did not reach the level of losses which occurred in both 1979 and 1980.

Lolyd's still faces bumper payouts on its proportion of the largest loss to fall under a single marine insurance policy. Lloyd's, along with insurance companies, has to pay up a total of $300m on three LNG vessels which were under construction at Avondale in the U.S., when serious damage to their structure was discovered.

Underwriting profits in the marine market may continue to fall but still will be cushioned by investment income.

More than 14,000 members of Lloyd's participated in the prosperity of the 1978 account, a 31 per cent increase. The rest of the membership, about 26 per cent, has yet to take a share of the profits from a closed underwriting account, for they started underwriting at Lloyd's after 1978. They will be watching profit trends closely.

Revised Granada costs Ford £50m

By John Griffiths

FORD HAS spent £50m on its engineering programme for a revised range of its Granada large saloons announced today.

There are few visible modifications from the outside, but more than 40 modifications have been made in areas such as the suspension, engine and interior fittings.

A new high-performance version has also been added—a 0.8 litre fuel injection model with manual transmission.

The Granada in its present body shape was launched in 1977, and it has been the biggest-selling large car every year since. However, sales in this sector have been falling sharply in the past year, and Ford will be looking to the new Granadas to give them an uplift.

Granada sales in the UK last year, for example, fell from 52,089 to 29,093, partly due to the new car market recession but partly due also to a growing tendency for companies to buy smaller models.

The new models will be available from October 2. Prices range from £7,210 for the two litre 200L model to £12,995 for the 2.8 litre 2800i Ghia—closely matching the prices of the range they supersede.

Fires caused by riots in July cost £4.5m in claims

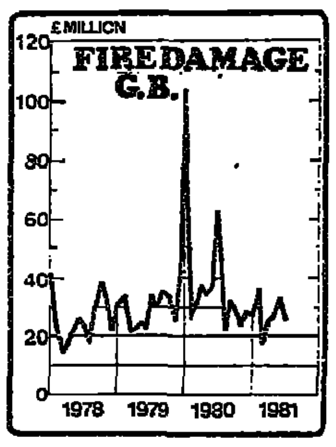
BY ERIC SHORT

LAST MONTH'S riots cost UK insurance companies £4.5m in fire damage claims, according to figures released yesterday by the British Insurance Association. The Toxeth branch of the National Westminster Bank which was burnt to the ground cost £500,000, while fire at the Swainbank furniture store, which was gutted, cost £440,000. Fire damage to several other shops in Liverpool amounted to £351,000 according to the association.

This cost to UK insurance companies represents only the amount paid out on fire damage claims. It does not include theft claims arising from looting, or claims paid on motor vehicles damaged or destroyed in the riots, but the BIA has no estimates of these costs. The insurance companies should, however, be able to recoup a substantial part of their payments under the Riot Damages Act.

In spite of the riot damage costs, total fire damage payments in July fell by nearly £9m on the month from £33.7m to £25m—less than half the cost in July last year of £63.2m. This latter figure included a £31m payout for the Alexandra Palace fire. The trend of lower fire damage costs continues this year, with costs in the first seven months at £193.4m being more than 40 per cent below last year's record levels.

There were only two major fires last month where damage was at least £1m—a converted warehouse in Humberside costing £1.5m and an educational establishment in South West London costing £1.3m.



Plan to ease Moss Side tension

THE FIRST member of the public to speak at the Moss Side riots inquiry yesterday put forward a number of suggestions for reducing tension in the area.

Mr Thomas McClure, a voluntary youth worker, suggested more youth participation in decisions affecting their clubs and sports facilities: setting up small workers' co-operatives funded by the Manpower Services Commission and a national inquiry into policing methods in Britain.

Mr McClure, who is unemployed, moved to Moss Side from Scotland many years ago, and was told by Mr Benet Hytner, QC, the inquiry chairman: "You are the first member of the public actually to come forward to speak to us like this."

Mr McClure said that self-financing co-operatives, although only creating a small number of jobs, would "hold a light at the end of the dark tunnel" of unemployment.

Mr McClure said there were two voices in the Greater Manchester police force. "One is the community contact police office sitting in cloud cuckoo-land in his office, and the other is the man on the beat."

Earlier, the inquiry had been told that if a headmaster insisted on using books which would be viewed as offensive to ethnic minorities he would come under pressure not to do so.

Dr David Jones, Manchester's senior assistant education officer, said: "Most of our head teachers are very discreet in Moss Side about the books they present to their children."

He had been asked by Mr Hytner about books which might be regarded as sensitive to some groups.

Mr Hytner remarked: "If you are a white middle class Protestant, it is difficult to understand why some people are offended by 'Little Black Sambo.'

"If I was black, I would be seething mad if that book was used. There is insufficient awareness among some teachers."

Dr Jones agreed that there was insufficient understanding. Some teachers were guilty of non-thinking or inadvertent racism.

"We are trying to bring this home to all our schools, not just those with ethnic minorities," Dr Jones said.

The inquiry was adjourned until today.

Trade body may trim its operations

BY JAMES McDONALD

THE National Chamber of Trade (NCT)—an umbrella organisation with a steadily declining membership of local chambers of trade—is considering cuts in its operations.

A recommendation is to be put to an extraordinary general meeting of the chamber in October proposing that the organisation's county structure, involving 55 provincial councils, should cease to get direct financial support from the NCT for two years, subject to annual review.

This could save about £35,000 a year. The NCT's income from chambers of trade and 33 national trade associations last year was £161,400. Mr Leslie Seeney, director general of the chamber, said last night that there had been a decline in membership over the past six years of about 5 per cent a year by local chambers of trade. The present membership is about 600.

"About 80 per cent of the membership of our affiliates represent small businesses and distributors," said Mr Seeney. They had been hit by the recession and rising costs.

The Resolution could mean the suspension of NCT funding for the 55 provincial councils which co-ordinate the work of the various chambers of trade in a county. But the NCT hopes that many will survive on the basis of voluntary funding by local chambers of trade.

It is understood that the NCT's management board is against a further fee increase on the grounds that this would only lose more members.

BL offshoots 'should be sold'

A PLAN to sell off huge chunks of the ailing BL empire was proposed yesterday by the Institute of Directors. It said that selling off subsidiaries to private industry might offer the only hope of saving the company.

BL is today expected to report half-year losses of up to £270m.

The institute said the companies which could be on a private sector shopping list included the Land-Rover group, Unipart, Jaguar Cars, Aveling Barford, Self Changing Gears and Coventry Climax, and the truck and bus divisions of Leyland Vehicles.

But BL retorted that the institute was in ignorance of the facts.

Riots destroy 108 buses

RIOTS since April sparked off by the H-Block hunger strike have resulted in 108 buses in the Londonderry area of Northern Ireland being damaged beyond repair.

N. Ireland water price up 70% in 12 months

By Maurice Samuelson

NORTHERN IRELAND, inspite of being one of the wettest parts of Western Europe, suffered the world's biggest rise in water charges during the 12 months to July. The 70 per cent increase was almost double that of Italy, which followed with 37 per cent.

The plight of the Ulster consumer emerges in the second annual international water price comparison published yesterday by National Utility Service, the energy cost analysts.

The rise reflects the policy of catching up with England and Wales which have set the pace of increase since the reorganisation into 10 water authorities and 28 water companies in 1974.

At 16.25 pence per cubic metre, Ulster water is still cheaper than in England and Wales (21.91p), but dearer than in Scotland (12.18p) It is nearly twice as dear as in the Irish Republic (9.39p), whose 20 per cent price rise was the next biggest after Italy's.

Price rises across the UK worked out at 16.24 per cent — those in Scotland were 17.79 per cent and in England/Wales 11.50 per cent.

Australia, with the highest actual average price of 57.81p per cubic metre, saw a 22.9 per cent rise in Melbourne and 12.5 per cent rise in Sydney. Prices in the U.S. remained stable.

Second to Australia in the price league was Belgium, followed by West Germany and France.

More MPs for Ulster planned

NORTHERN IRELAND should have 17 MPs in the House of Commons following the next General Election—five more than at present—the Boundary Commission for Northern Ireland said yesterday.

A revised report upheld the Commission's original plan—published 20 months ago—but has renamed some of the new constituencies and changed several boundaries, after public inquiries.

The new constituencies will be formed by dividing County Londonderry in two, introducing a third area into County Antrim: dividing the North Down consituency in two, introducing a new constituency in the Lisburn area, and forming a new constituency taking in North Armagh and parts of South Down.

British Rail productivity talks timetable agreed

BY OUR LABOUR STAFF

BRITISH RAIL and its unions will begin on Wednesday a series of productivity negotiations which the management hopes will lead to more efficient working practices and manning levels.

Unions and management met yesterday in the Railway Staff National Council and formally endorsed the pay and productivity understandings reached last week at the Advisory, Conciliation and Arbitration Service which ended the threat of a national strike.

They also agreed a timetable for detailed productivity talks, beginning on Wednesday and designed to be concluded by the target dates fixed in the productivity understanding.

Dates set for concluding the talks are October 31 for some of the productivity issues and January 1 for all but one of the others.

The structure of the detailed productivity talks will be separate meetings of the locomotive, salaried and traffic sections of the Railway Staff Joint Council. These will eventually produce recommendations to be handled by the national council.

Mr Sid Weighell, general secretary of the National Union of Railwaymen, said after the meeting that the talks were scheduled to hit the target times fixed on each productivity issue in the understanding.

"All parties undertook to work jointly to meet the full terms of the understanding on productivity," he said.

The joint approach to a more effective and efficient industry was fully in line with the undertakings implicit in the award by the McCarthy tribunal.

He reaffirmed the union's belief that increased investment was the key to the industry's progress, and urged the Government to make immediate decisions on investment plans.

One of the six productivity issues, concerning the concept of open stations, appears to involve the unions committing themselves to a full agreement. Talks are to be concluded on a basis for agreement by October 31.

The rest include varying forms of commitment to negotiations and pilot schemes. Talks on rostering, hour variations and easing conditions of single manning are also scheduled to be finished by the end of October.

Discussions on freight train manning and the trainman concept—with the provision of recruitment, training and promotion through the grade of trainman to drivers or other grades—should be finished by January 1, according to the productivity understanding.

There has also been a union acceptance that the Bedford-St Pancras electrification service next May will provide the opportunity for a full reconsideration of train manning in commuter areas on modern stock. This is tied in with agreement to set up a prototype system.

Court again bars dock pickets

BY OUR LABOUR STAFF

A FURTHER injunction has been granted in Manchester High Court against pickets who brought Liverpool's freightliner terminal to a virtual standstill earlier this month.

The injunction will remain in force until the main action against the four pickets, alleging nuisance, is heard. A date for the action has not been set.

It is not yet known if the case against the pickets will rest on breaches of the clauses on picketing in the 1980 Employment Act.

The picketing was organised in the course of a dispute over cut-rate, or "cowboy" haulage contractors who, the regular drivers claimed, were threatening their jobs.

Vehicles were checked at the docks and many drivers refused to cross the picket line. Ships were diverted to other ports, and the Mersey Docks and Harbour Company claims to have lost £200,000.

Granting an injunction against the pickets yesterday, Judge James McHugh referred to the losses and said that he could understand the drivers' fears about employment in a time of recession.

However, he said that the losses would also be disastrous for the company, the port and its employees.

He refused to grant an injunction against Mr Harold Verrinder, a full-time official of the Transport and General Workers Union. Mr Verrinder had sworn that he had taken no part in organising the picket, and there was no evidence to rebut that.

The first container ships to dock at the port for a fortnight—the Atlantic Cinderella and the Atlantic Prelude—sailed in last night.

● A mass meeting of shop stewards at Mersey Docks will hear the results today of four months of negotiatons on a pay and productivity package for the 3,500 dockers. Talks now seem to be ended, though it is not known whether an agreement can be signed or if further industrial action will follow.

Pan Am staff propose scrapping annual bonus

BY OUR LABOUR STAFF

SHOP STEWARDS of the Transport and General Workers Union at Pan American World Airways in the UK have made alternative proposals to the 10 per cent pay cut the airline has been seeking. They have suggested savings based on the scrapping of the staff annual bonus.

The proposals followed talks with airline management at Heathrow on Wednesday, after which shop stewards said they felt the company would accept such an alternative, which would mean the loss of only 8.3 per cent of income.

The proposal on the bonus, which is the equivalent of an extra month's pay, is to be put to a mass meeting of workers next week.

Mr Andy Nicholls, a spokesman for the union's white-collar section, said: "It is better than losing 10 per cent of our salaries and we feel the plan would be acceptable to the airline."

Pan American declined to discuss the talks yesterday. Other unions, including the Association of Scientific, Technical and Managerial Staffs, were also in talks with management yesterday. Officials of that union have questioned the need for UK staffs to take a salary cut.

The airline has asked 1,655 UK-based staff to take a 10 per cent pay cut as part of its attempt to cut losses and obtain new bank credits.

A consortium of U.S. banks told Pan Am last week that it must sell its Intercontinental Hotels subsidiary, defer aircraft purchases and obtain staff agreements to a pay cut. This was in support of measures to secure a further $200m of credit.

All 33,000 employees in the U.S. and the rest of the 8,000 overseas personnel face a pay cut also.

Working men win deal in exclusive club

Financial Times Reporter

AN EXCLUSIVE London club has agreed for the first time in its 112-year history to recognise a union.

The General and Municipal Workers Union yesterday signed on behalf of 85 workers a recognition deal with the £2,000-a-year Hurlingham Club after seven months of negotiations.

The GMWU workers maintain the sporting facilities at the club, whose patron is Prince Philip and which has 6,000 members. It is famous for its 42-acre sporting grounds, including tennis and croquet lawns.

The union threatened to take industrial action unless the agreement giving negotiating rights, shop stewards' facilities and access to the club's committee, was signed.

The union's London regional officer, Mr Jeremy McMullen, said: "Things change, even in gentlemen's clubs, and in 1981 our members wanted more than just a gentlemen's agreement."

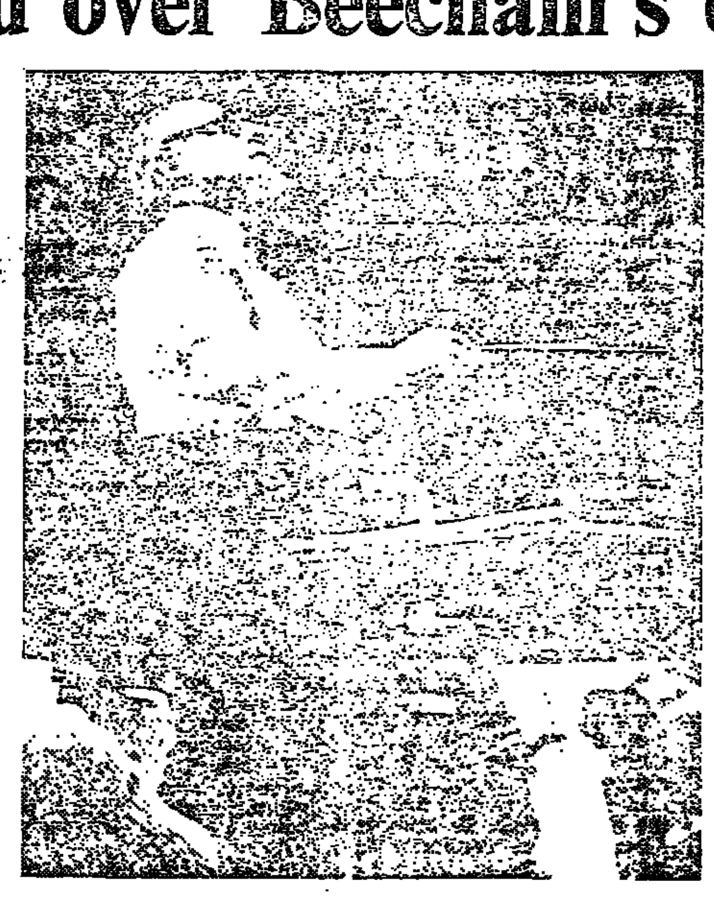
Sounds of discord over Beecham's orchestra

The Royals

Royal Philharmonic Orchestra

by Ian Davidson

Our series on the Royals concludes today with a look at the orchestra founded by Sir Thomas Beecham, pictured right, and the problems it has faced since his death 20 years ago



THE ROYAL Philharmonic Society is Britain's oldest and most distinguished music promotion society, founded in 1813, with a long record of commissioning new music, including (in 1822) Beethoven's Ninth Symphony.

It is often confused with the Royal Philharmonic Orchestra, but the latter was set up only 35 years ago, having been preceded by the London Symphony Orchestra before the First World War, and by the London Philharmonic Orchestra and the BBC Symphony Orchestra between the wars.

But there is a link between the two organisations, and that link is Sir Thomas Beecham.

Throughout its history, the RPS has put on annual series of orchestral concerts, at one time 12 a season and currently eight, but until 1932 these concerts tended to be performed by ad hoc collections of musicians drawn from the membership of the society, who are all professionals.

Sir Thomas ran the Royal Philharmonic concerts from 1914 to 1918. In 1928 he was awarded the Gold Medal of the society, and in 1932 he started the London Philharmonic Orchestra which gave the RPS seasons of concerts until 1945.

During the Second World War, Sir Thomas was in America, and when he returned after the end of the war, the LPO was reluctant to have him back.

He decided to start another orchestra of his own, and in a whirlwind of activity in 1946, he assembled the players with only three weeks to go before the first concert at the Davis Theatre in Croydon, South London.

By a stroke of genius, or perhaps force of personality, he persuaded the RPS to give him a licence to use the name Royal Philharmonic Orchestra, but only so long as he was alive and in artistic control.

This latter stipulation may have semed both reasonable (in view of Sir Thomas's personal celebrity as a musician) and risk-free (because he owned the orchestra through his Anglo-American Music Association). But it was to cause problems after his death.

The new orchestra was an instant success, and it continued to be a success while Sir Thomas was alive. In its first year it made more than 100 records, many of which remain classic interpretations. In 1950 it toured the U.S. (the first British orchestra to do so since the LSO in 1912), and from 1950 until 1963, it had the added prestige of occupying the pit at Glyndebourne.

The troubles started in 1961 when Sir Thomas died. His widow took over the running of Anglo-American, but relations with the members of the orchestra were not happy, and the Royal Philharmonic Society wanted the title back. In 1963 the players agreed with Anglo-American that they would assume control of the orchestra, and since then, like the three other independent symphony orchestras, it has been a self-managing co-operative.

In 1965 Lord Goodman recommended that the RPO should join the other three orchestras in receiving public subsidies, and in the next year Roy Jenkins at the Home Office recommended to the Queen that the orchestra should receive the title "Royal" officially. Previously it had been using the title under licence from the RPSO. But the Philharmonic Society, which received its "Royal" in 1912, continued — and continues to this day — to want its title back.

One of the perennial subjects of controversy is whether the existence of four symphony orchestras in London (five if you include the BBC orchestra) is cause for legitimate national pride, or whether we would be better off with fewer. Financially these orchestras could not survive without public subsidies, though the level of subsidy is considerably lower than for some of the continental orchestras.

Even though the Royal Festival Hall tends to be on average about three quarters full, all concerts there lose money. In 1979-80, the latest year for which figures are available from the London Orchestral Concert Board, which provides the subsidies, average costs of putting on concerts at the hall were about £12,000, whereas average box office receipts were about £6,700.

In that year the LOCB provided £636,000 in subsidies for concerts promoted by the four orchestras themselves, but that only went two thirds of the way to covering their concert deficits of £903,000.

The difference has to be made up by records (which have been seriously affected by the recession), by radio and TV work, by engagements by outside promoters, or by sponsorship. In 1978-79 all four orchestras made small net surpluses; in 1979-80 the LSO made a small surplus, and the other three small deficits.

Measured in terms of sheer activity, there is little doubt that all four orchestras are kept extremely busy. In 1979-80 they averaged 260 performances, ranging from 204 for the RPO up to 296 for the LSO, and if you add on rehearsals, this averaged out at between nine and 10 working sessions a week.

The RPO puts on 32 concerts each year at the Festival Hall, plus another 22 at the Fairfield Hall, Croydon, which with other engagements in the provinces and abroad totals about 100 concerts a year.

But if you are looking at musical reputation, it is less easy to be confident that London is not oversupplied with orchestras, and some music critics believe that the RPO is in this respect the weakest of the four.

All orchestras have their ups and downs, but it is a long time since the era of Sir Thomas Beecham and, during a brief period after his death, that of Rudolf Kempe.

Just why it should be the weakest (if it is so) is hard to say. One view is that the orchestra has failed to attract the most charismatic conductors: Walter Weller, the RPO's principal conductor, does not have the public appeal of Claudio Abbado at the LSO.

The trouble is that the recession magnifies the financial difficulties facing all orchestras. The Philharmonia has a generous sponsorship arrangement with Du Maurier, and is probably better off than the others, but unkind voices (of which the musical world is full) mutter that the RPO is in difficulty.

This may have been true of the 1980-81 season, when it probably made a larger deficit than in the previous year (the figures are not yet settled), but it is not true today.

For the past three weeks the RPO has been in the Top Ten with a single entitled Hooked on Classics, which is an arranged pot-pourri of all the most popular classics like the Flight of the Bumblebee, the 1812 Overture and the theme from Mozart's 40th Symphony. RCA is issuing the record in the U.S. this week.

The unkind voices try to have it both ways, both by sneering at the RPO for stooping so low, and for failing to make any real money out of the record, because it did it on scale fees rather than for a royalty.

The unkind voices are in for a disappointment: as a result of the success of the record, the RPO will get a substantial donation from RCA which will take the orchestra out of deficit, the record company says.

Crucial talks on FT dispute today

BY OUR LABOUR CORRESPONDENT

THE RESOLUTION of the dispute which threatens to close the London printing operation of the Financial Times from September 4, rests heavily on a meeting between two of the newspaper's union chapels (office branches) today.

Officers of the machine room chapels of the National Graphical Association and the National Society of Operative Printers, Graphical and Media Personnel will meet to work out details for a joint press room agreement between the two groups of workers.

National officers of the unions agreed earlier this week to seek ratification of a press room agreement by members and by the FT management.

The crucial element affecting its acceptability to the management, however, is the amount of "new money" demanded by the chapels.

The 19-strong NGA machine managers' chapel, which is at the heart of the dispute, has asked for a wage increase variously estimated between 5 and 33 per cent.

An official strike has been called by the NGA from September 4 over the FT's refusal to meet the claim. The management has said it will lock out all print workers if the strike goes ahead.

The FT met the general secretaries of the print unions on Wednesday to discuss the company's demand for staffing cuts of 7 per cent. Last week, the management produced a redundancy agreement aimed at shedding some 72 workers with redundancy payments rising to a maximum of £30,000.

The general secretaries told the FT that they needed further time to consider the implications of the proposals.

Retail trade workers' pay terms proposed

Financial Times Reporter

THE TWO wages councils responsible for setting minimum pay and conditions for over 1m workers in the retail food and non-food trades recently decided on the broad terms of new agreements.

Some of the changes proposed are:

● Pay rates will be fixed for two areas (London, and the rest of Great Britain) instead of three as at present.

● Hourly rates will be quoted to help in calculating pay.

● The standard working week (at present 40 hours) will be extended to sections which now have a longer week.

● Overtime and "unsocial hours" provisions will be rationalised.

The dates from which the chages will operate have yet to be decided, but will not be earlier than April 1982.

After further meetings later in the year, full details will be published in formal proposal notices,

THE PROPERTY MARKET BY MICHAEL CASSELL

Anzani's last chance

THE HIGHLY unsatisfactory state of affairs at British Anzani, the construction and property group which has failed to provide any accounts since 1976, could shortly be resolved.

The prospect will inevitably arouse a distinct sense of deja vu (not to say outright disbelief) among the group's four and a half thousand shareholders, who have waited patiently for the type of information to which they have a legal right and for the end of a saga which has invariably appeared never-ending.

Anzani's shares were suspended nearly four years ago when the group announced it was fighting for survival in talks with creditors. Since then, the company has continued to trade at home and overseas but the shareholders have—with the exception of one or two revelations—been kept in the dark as to the group's state of health and its prospects for a worthwhile future.

Over a year ago, they were told that a four-way consortium including property man Mr Michael Morris and the Savings and Investment Bank of the Isle of Man were riding to the rescue. Accounts were being prepared and an AGM was pencilled in for the autumn. Since then, however, shareholders have been subjected to another prolonged bout of silence and have had to content themselves with news that, on two occasions, directors of the group have been taken to court by the Registrar of Companies and fined for breaching provisions of the Companies Act which cover the preparation and presenting of accounts.

Now, however, Mr Morris promises that the vigil is almost over and that the group is poised for "an extremely rosy future." The final stages of a reconstruction plan, which involves the buying out by the consortium of the group's losses, leaving Anzani solvent and with net assets of around £750,000, are now being formulated and on September 14 the directors, together with Mr Morris and his colleagues, will meet to put the finishing touches.

The consortium is thought to have sunk about £5m into the group since its arrival on the scene and part of the rescue operation involves the capitalisation of around £2m of that figure. Another £1½m of debt is expected to be bought out by the consortium, which could ultimately end up with anything up to half the equity in the group.

Mr Morris says the reason for the one-year gap since he last raised shareholders' hopes centred on "untenable" qualifications to the accounts involving a £400,000 contingency reserve. A second firm of accountants were called in and together the two have now removed all but one of the qualifications, relating to the Companies Act failures which on two occasions took directors to Cardiff Magistrates Court.

"The 12-month delay is my responsibility but there was no way we could keep shareholders waiting so long and then come up with accounts which raised as many questions as they answered. They have now been completed and are in print, ready to be despatched."

Mr Morris, who says a strong in-house accountancy team has been set up, expects the accounts for 1977-78, 1978-79 and 1979-80 to be on their way next month, with the AGM the following month. Accounts for the year ending March 1981 will follow shortly afterwards.

In the meantime, Anzani gets on with trading and Mr Morris says the group is, "in the ordinary course of its business," starting to show a profit. Around £4m of negotiated work is being lined up and the construction business could show a small net profit in the current year.

The final stage in the group's rebirth will involve the restoration of Anzani's listing and it hopes its recent efforts, combined with a basically unchanged profile and a strong board of directors will find favour with the Stock Exchange quotations committee.

The Stock Exchange, which will only say that it judges any re-listing case on its merits, can be expected to give Anzani a rough ride. One thing seems certain. This must surely be the group's last chance and failure would almost certainly see the Department of Trade considering further sanctions and the Stock Exchange forever denying it the chance of any complete rehabilitation.

Sears spreads its property base

ONE OF this country's biggest retail property owners has been taking a characteristically quiet look at its expansion prospects.

Sears Holdings is looking abroad, where its interests in direct property investment, as opposed to retail-related property holdings, is potentially much more important than it has been in the UK. Its targets, presently, are the U.S. and West Germany.

The philosophy appears to be that having some of your assets in hard currencies, when most of your liabilities are "soft," makes strategic sense—even if you are a big owner of UK property which, in its way, is itself a hard currency.

Sears, of Selfridges, Lilley and Skinner and William Hill fame, is certainly big enough. Its 3,349 UK retail units, with a very high freehold content, form the bulk of a £557m property portfolio, expressed in current cost accounting terms last January 31.

However, Sears's UK expansion prospects are limited by its sheer size, and it would risk a reference to the Monopolies Commission if it were to bid for another big UK stores group. In looking further afield, says chief executive Geoffrey Maitland Smith, "Sears wants to be more in the dollar and the D-mark in the long-term interest of the shareholder."

As a property investor, Sears would like to get into new shopping malls. "We don't often get the chance in this country," says Maitland Smith, "but we are looking at the U.S. in this context."

In Europe, Sears has already made one major recent move in selling a big office development in Holland, at the end of last year. It had built and let 300,000 sq ft of offices at Zoetermeer, just outside The Hague, to the Dutch Government, leaving one-third of the development in the course of construction.

It sold the complete development for £17m, including Sears' own spending on the completion of the project, and netted a "very handsome profit," of about £3m, in the process.

"As part of our new strategy for property investment," says Maitland Smith, "we decided to look to Germany. We have just contracted to purchase land and buildings for demolition and redevelopment into 60,000 sq ft of offices in the banking centre of Hamburg."

Total spending on the Hamburg project should be in the area of £7m. Meanwhile, Sears still has £30m-£40m worth of property in the Netherlands; some of it is in trading properties, but nearly half of the total is still in one major office block let to the Dutch Government.

Landsits freehold bid fails

AS COVENTRY ratepayers voted yesterday in the city's rates referendum, Land Securities Investment Trust was ruminating on the local council's rejection of its £3m offer to buy out the freeholds of a large number of the city's prime shop properties.

Landsits, the country's largest property company, holds 99 years leases—mostly dating back to the 1950s—on about 50 properties in and around Coventry's main shopping precinct just off the Broadgate. They are mostly prime shops but also include some office accommodation.

The Labour-controlled council has been embarrassed by the leaking of its decision to reject Land Securities' offer at a time when it faces a cut in its rate support grant if it does not reduce planned expenditure.

But City officials point out that even if the Land Securities offer had been accepted—which would have been against council policy—it would not have been possible to use the cash to reduce expenditure because of Government restrictions on the use of capital receipts.

Under the terms of the deal with the city council Land Securities pays a total annual ground rent of about £42,000 on its Coventry properties with only one of the buildings thought to be on any sort of rent review pattern. The offer of £3m for the freeholds is broadly in line with what the council would receive in income if all the leases were to run their full course.

Mr Peter Hunt, Land Securities' managing director, was philosophical about the council's decision. He said the property company had offered what it considered a fair price for the freeholds.

The move to acquire the freeholds of the Coventry properties is very much in line with the group's present policy of using its resources to improve the value of its existing £1.6bn portfolio of commercial properties.

Andrew Taylor

U.S. retail 'glamour days' gone

THE INCREASINGLY fashionable view that U.S. real estate investment markets are set to become more difficult finds fresh support this week in a review of prospects for the retail sector.

According to Marsh and McLennan Real Estate Advisers, falling rates of population growth and overbuilding in some areas will slow down the pace of retail construction across the U.S., although opportunities for investors will still exist.

The report argues that this reduced growth, combined with what it calls the "identity crisis" among retailers, is making it increasingly difficult to pick winners in the retailing sector.

"I think that the retail real estate sector will come back," says Richard Burns, who oversaw the research project, "but on a par with other types of investment, rather than return to the glamour days of the sixties and seventies."

Between 1964 and 1980, the number of shopping centres in the U.S. multiplied threefold to over 22,000 sites and in recent years about half of this development has been in the southern and western states.

But the report points out several factors now in the process of change: more market segmentation in retailing and the erosion of middle income markets, changing methods of development finance, especially the use of equity participation of investors in projects, heightened concern about energy costs, use of public funds to revitalise city centres, tighter planning laws and overbuilding in some areas.

Marsh and McLennan claims, however, there are opportunities for development in a number of sectors. It thinks that some smaller markets are now ready for regional shopping centres, that high-fashion centres could be successful in second-tier markets as well as the big cities they are now restricted to. The authors also see attractive opportunities in rehabilitating older centres, in developing discount centres and "factory outlets," although they do not think this concept of selling from the factory can be exported beyond the eastern half of the country where the manufacturing mostly takes place.

UK NEWS—THE NATIONAL INSTITUTE REVIEW

Output rise 'needs reflation'

By Peter Riddell and David Marsh

THE DILEMMA of how a further reduction in the inflation rate can be reconciled with sustained economic recovery is high-lighted by the National Institute of Economic and Social Research in its quarterly review *published yesterday.**

The appraisal section concludes that "to get output to increase again, reflation is needed. For reflation to succeed, wage demands must be moderate so as to allow restoration of profitability and the maintenance of competitiveness.

"For a while this moderation may be secured simply because unemployment will inevitably remain high for some time to come. But as expansion proceeds, the reflation will once more degenerate into inflation unless, meanwhile, the social partners have created the mechanisms to prevent it."

This reiteration of the institute's call for reflation and some form of incomes policy is set against a pessimistic view of the outlook if the Government sticks to its medium-term financial strategy.

The institute notes the Government's belief that until the inflation rate is reduced there can be no sustained recovery of output:

"Seen in this light our forecast is profoundly disappointing, for it suggests that the reduction in the rate of inflation which has been occurring in the last 12 months is largely over and that the rate of inflation will level out at around 10 per cent at an annual rate.

"This is expected despite adherence to the targets for the rate of growth of the money supply required in the strategy."

The review suggests that a deceleration in the growth of wages will not occur spontaneously if economic policy does no more than just follow the Government's strategy.

Discussing the widespread calls from commentators for a cut in real wages (whether defined as real take-home pay or labour costs to the employer) the institute notes that much has been made of the reduction in over-manning brought about by the recession:

"For industry as a whole this is still a question of promise for the future. The potential gains will only become actual when demend and output rise once more. Such actual productivity gains are a plus factor for real wages to offset against the minus required to raise profit margins, and the minus required to maintain an international competitiveness."

**National Institute Economic Review, number 97, August 1981, from National Institute, 2, Dean Trench Street, Smith Square, London, SW1P 3HE.*

Dollar likely to reverse its gains

THE DOLLAR is likely to reverse some of its recent gains against major currencies as changes in international competitive poistions start to affect trade balances, according to an article on the world economy in the National Institute review.

However, since dollar interest rates are unlikely to fall quickly under present U.S. monetary policies, exchange rate changes over the next 18 months are generally expected to be small, it says.

The main exception is the yen, which the institute expects will appreciate by 10 per cent on average next year compared with its July 1981 level. A major reason is Japan's increase in export volumes. This should permit a reduction in the current account deficit this year to only $3bn from $11bn in 1980, and a swing into a $5bn surplus next year.

By contrast, West Germany's current account deficit is expected to fall only slightly to $18bn next year from $19bn in 1981, after $16bn in 1980.

The institute says big improvements continue in *German competitiveness.* These are helping exports and are likely to keep growth in imports low even next year. But improvements in trade volumes are being offset by worsening terms of trade, and the current account is further burdened by a further deterioration in invisibles.

WORLD CURRENT ACCOUNTS

	1980 (estimate)	1981 (forecast)	1982 (forecast)
Total OECD	−73	−50	−46
Other developed	−1	−6	−8
Oil exporters	+136	+119	+120
Non-oil developing	−67	−72	−75
Centrally planned	+15	+19	+9

The U.S. current account is expected to turn from $8bn surplus this year into a deficit of $2bn next year, after a $4bn surplus in 1980. But the institute forecasts that the surplus will continue up to late next year until U.S. trade volumes begin to respond increasingly to the dollar's appreciation.

On the general international outlook, the institute is pinning recovery hopes increasingly on North America and Japan. It has become gloomier about Western Europe since only France has turned to growth-oriented policies.

The institute expects gross domestic product to grow by 2 per cent this year and 3 per cent in 1982 in the U.S., and by 4 per cent followed by 5 per cent in Japan. Europe, on the other hand, will register nil growth this year and only 1.75 per cent in 1982.

Hosepipe ban in Devon

THE South West Water Authority is imposing a ban on the use of hosepipes in 28 Devon villages from Thursday.

The authority said yesterday that high demand has depleted supplies in the east of the county and in south Devon. The rivers Yealm and Erme had dropped steadily over the recent dry spell.

Although storage levels in the main reservoirs are satisfactory for this time of year, the authority says the situation in the region is being kept under review.

Store to close

ROBB BROTHERS departmental store, Birkenhead, is to close with the loss of 60 jobs.

Marginal improvements likely to be seen in gross domestic product

ECONOMIC activity is likely to have touched a low point during the first half of this year but any recovery is likely to be very small, the National Institute warns in its latest quarterly review.

The institute forecasts a continuing rise in unemployment, a halt to the slowdown in price *inflation and a fall in average* living standards.

The bottom of the recession, in terms of the average estimate of gross domestic product, is believed to have been reached in the first half of this year. Some marginal improvement is to be expected, giving a rise in GDP of 0.75 per cent between the fourth quarters of 1980 and 1981 and a further increase of 0.5 per cent over the next 12 months.

The institute adds several qualifications. Because the upward movement is very slow, it is likely that individual quarters will show fluctuations rather than a clear cut increase. The normal revision of data may ultimately alter the timing of the trough.

Secondly, the depth of a recession is often measured as a ratio to trend and not in absolute terms. Such a trend would only have to be 1 per cent a year for the recession to continue to deepen right up to the end of 1982.

Thirdly, average GDP is only *one indicator of activity* and other aspects should be taken into account. For example, industrial output is not expected to reach its lowest point until the end of this year, the low point for real personal disposable incomes will not be until the middle of next year while employment will continue to fall during the next 18 months.

The review points out that while there is an apparent, albeit small recovery in GDP, it is more than accounted for by the turn around in stockbuilding. By the last quarter of next year, the period of destocking is expected to be over.

The change between 1981 and 1982 alone contributes 1.5 per cent to GDP. The other components of the total are there*fore expected to fall by 0.5 per* cent. All the components of GDP contribute to the decline, apart from gross fixed investment which should recover during 1982.

Although exports are projected to rise by 4.5 per cent, *this is likely to be more than* offset by a 6 per cent rise in imports.

SUMMARY OF THE FORECAST

(May projections in brackets)

	Real GDP (% change, year/year, 1975 prices)	Real personal disposable income (% change, year/year)	Unemployment (4th quarter, million)*	Money supply (% change in sterling M3, fiscal years)	Consumer prices (% change, 4th quarter on 4th quarter)	Current account balance (year, £bn)	Public sector borrowing requirement (fiscal year, £bn)
1980	−1.9 (−2.0)	2.0 (2.1)	1.9 (1.9)	18.0 (19.5)	12.8 (12.8)	2.8 (2.7)	13.2 (14.0)
1981	−1.3 (−1.2)	−2.2 (−1.2)	2.5 (2.6)	9.5 (9.0)	10.5 (10.5)	5.5 (5.5)	11.6 (9.5)
1982	0.9 (−0.1)	−0.9 (−0.3)	2.8 (3.0)	9.0 (9.0)	10.1 (8.5)	4.9 (5.2)	8.6 (8.8)

* Great Britain, wholly unemployed, excluding school-leavers.

PUBLIC BORROWING AND MONEY SUPPLY

Financial years, £m

	Public sector borrowing requirement	Sales of public debt to non-bank private sector	Change in currency	External financing of public sector	Bank lending to public sector	Bank lending to private sector	Bank lending overseas	Domestic credit expansion	Foreign currency finance	Banks' non-deposit liabilities (net)	Change in money stock (sterling M3)
1980/81	13,192	10,934	406	679	1,173	9,288	3,555	15,101	2,467	1,293	10,662
1981/82	11,000	9,400	800	—	800	7,000	3,000	11,600	3,500	1,500	6,600
1982/83	8,600	8,000	1,000	—	−400	8,300	3,000	11,900	3,500	1,500	6,900

The key change since the last forecasts in May is the sharp fall in exchange rate—down 6.5 per cent on a trade-weighted basis on the levels assumed then. The latest projections assume that sterling will be unchanged from roughly current levels except for a rise in the Japanese yen of 10 per cent relative to all other currencies in 1982.

Direct tax allowances and bands and indirect tax duties are assumed to be indexed in the 1982 Budget in line with the previous calendar year's rate of inflation.

The analysis also assumes that the increase in the money stock resulting from the Civil Service dispute will be offset during the rest of the current financial year, without the need to raise interest rates. Next year the position should be eased slightly and a one point cut in interest rates is assumed.

For the first time since the institute started publishing forecasts of 1982 in November last year, the quarterly path of consumer price inflation is not expected to fall below 10 *per cent a year.*

By the end of next year, the pressures are expected to be upward rather than downward, mainly because of wage costs and the fall in sterling.

The squeeze on real incomes is expected to add to these pressures and, *even though* unemployment is still likely to be rising, its rate of growth should be slower. The rate of increases in average earnings is therefore expected to stop slackening and to stabilise at a little below 10 per cent a year during 1982.

The combination of this earnings projection, falling employment and the end to the slowdown in price inflation means that real disposable incomes are likely to drop 2 per cent this year and a further 1 per cent in 1982. The main fall has already occurred as a result of tax changes in the 1981 Budget. The result is likely to be a very sluggish profile for consumer spending.

The savings ratio is likely to decline—from an average level of 15.1 per cent last year to 13.2 per cent in 1981 and to 12.5 per cent in 1982—as consumers try to maintain spending in face of declining incomes. But there is not much aid to recovery from the recession from consumption.

The lowest levels of investment spending are forecast to be reached in the first half of this year, after which there is expected to be some recovery. The strongest rise is likely in private manufacturing investment, which is projected to rise by more than 6 per cent in the 12 months to the fourth quarter of next year, though this only returns it to the second quarter level of this year.

Destocking is expected to continue at a reduced rate over the next year and then to die away rapidly as investment and prospects improve in the second half of next year.

The rate of increase in unemployment among adults is forecast to slacken from 600,000 during 1981 to 250,000 next year. The institute points out that the "headline" figure (covering the UK, including school leavers and not seasonally adjusted) may exceed 3m this year.

In contrast, seasonal fluctuations and the removal of school leavers from the total through employment in special government schemes may mean that a fall could be recorded in 1982.

The institute's forecasts indicate a worsening in the balance of trade in current prices during this year as the rise in sterling up to the first quarter continues to have an adverse effect on volume. However, in 1982 the fall in the exchange rate this year and consequent improvement in competitiveness should start to improve the balance again.

While there may be sharp fluctuations in the balance from quarter to quarter, the current account is expected to remain in substantial surplus.

The institute has revised upwards its projection of public sector borrowing in the current 1981-82 financial year by £1.5bn to £11bn because tax receipts are expected to be lower than previously assumed. Borrowing is expected to fall to £8.6bn in 1982-83.

Industry expects low demand to persist

BRITISH industry is reducing production capacity and it probably plans to make further cuts in stocks because it expects demand will continue sluggish, the National Institute says.

Low investment plans, and the virtual disappearance of investment to expand capacity, are further indications of "a general move in industry towards assuming that lower levels of demand will persist at least in the short term."

"This is a major difference from previous recessions, or from belief and behaviour in the current recession in other countries."

In a chapter on industrial production, the institute says that data on stock levels and the latest Confederation of British Industry survey on attitudes towards them support the view that a further, smaller, fall in output is still to come.

Companies have now lowered thei rexpectations and revised downwards their judgment of "normal" order levels.

Normally, when demand flattens out towards the end of recession, an increase in output would be expected as destocking slows down. "But this is not generally occurring in those industries which are reaching that stage."

"It appears that there has been unwillingness to cut output as sharply as the combined impact of low demand and the need to cut stocks would have suggested in the deepest parts of the recession."

Small recoveries in demand, for example from exports—where the institute thinks orders and deliveries have held up better than domestically—are thus being met partly by continutd destocking.

The institute believes that companies may continue to shed labour—"part of the adaptation to an indefinite period in which the only way of increasing profits will be through further productivity rises at constant output."

Nationalised industries, however, provide a "striking exception" to industry's general behaviour. "Here the financial pressures to reduce stocks, the costs of production and the cost of maintaining unused capacity have been mitigated by extra capital and subsidies, and output and capacity decisions are still based on much higher assumptions about medium term demand."

Productivity link to output

THERE is a strong link in British industry between increases in productivity and the rate of growth of output, although the strength of the association varies among different sectors, according to a study of productivity trends in the review.

Since 1973, productivity has risen much more slowly than in the past, while growth in output has also slackened.

Annual average growth in manufacturing output per employee fell to 0.9 per cent between 1973 and 1979 from 3.9 per cent between 1968 and 1973. Output fell on average by 0.9 per cent a year in the second period against a rise of 2.9 per cent previously.

There are both short and medium term reasons for expecting productivity growth to be related to output growth. Low productivity at low output may be due to the failure of companies to adjust their labour forces completely to depressed output levels, partly because of the usual lags in adjusting employment.

In the medium term, productivity growth can also be output related because many factors influencing it—for *example, investment rates and* economies of scale made possible by larger markets—require buoyant demand conditions.

Pay shows wide changes

CONSIDERABLE fluctuations have occurred in the relative pay of workers in the public and private sectors according to a special article in the latest review.

*Mr Chris Trinder of the Insti*tute's staff discusses the pay of public and private sector employees. He notes the mixture of types of job within each sector and the dangers of restricting comparisons to male or manual workers.

Moreover, fluctuations in relative pay have been both much longer and wider than it is frequently thought. They involve much more than just one group falling behind slightly one year and catching up the next. Comparisons of pay in single years or even two or three year aver*ages can be misleading.*

He tentatively sums up that during the 1970s:

- employees in public corporations seems to have done relatively well, particularly in mining;
- there is a wide range of *different* experiences for workers in private sector nonmanufacturing;

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

The painful process of harvesting ecology

Nicholas Leslie reports on the difficult birth of a new small company

KEN WHITE is a man of straw —but in no derogatory sense. He has invented a way of making tough boxes out of straw, using a process that has involved seven years of development work and no small amount of personal financial anxiety.

White now stands on the threshold of better times, having attracted considerable financial backing from a development capital company and a major chemicals and pharmaceuticals group.

Straw boxes, he hopes, should find a big market in the horticultural industry, where they can be used for packaging fresh fruit and vegetables in place of traditional soft-wood boxes. Not only will they compete favourably with wooden and plastic boxes on price, he maintains, but they are ecologically more desirable.

They use a material which is a by-product of grain crops and, when they are no longer usable, they can be broken down and spread back on the land as a mulch. He sees this as preferable to the rapid increase in the number of trees being cut down to meet the escalating demand worldwide for packaging materials.

In all, the 36-year-old White is being backed to the tune of £300,000. Half is being put up by Development Capital, the institutionally-backed specialist in financing small and medium-sized companies, and the balance by Ciba-Geigy, the Swiss-based chemicals group. Ciba-Geigy's involvement with White began several years ago when he enlisted the company's help to develop a bonding agent suitable for straw box production.

The major part of the financial package is loan capital, which has enabled White to retain a 60 per cent majority stake in the equity of his new company, Straw Box Systems, with Development Capital and Ciba-Geigy owning the balance between them.

In reaching his present position, White has experienced the considerable discomfort of being severely financially stretched by his development work and getting embroiled in an abortive and for him near disastrous project to exploit his ideas.

Trained as a designer, he was working on packaging for a large UK fruit co-operative about seven years ago when the idea for straw boxes first crossed his mind. What triggered the notion was partly the difficulty he was having at the time of getting hold of suitable packaging material—the oil crisis had caused a shortage of plastic materials. Recollections of youth spent on a farm also reminded him of the enormous amounts of straw burned off after the harvest each year and prompted him to think about whether straw could be used in some way as a packaging material.

His initial thoughts centred on developing a way of manufacturing straw boxes on farms. This way farmers would be able to meet their own needs for fruit and vegetable packaging and sell any surplus, thus providing a viable alternative to straw-making (which is not always economic) or burning the stubble.

With this in mind, says White, "I started to think of making packaging on the farm for the farm, but using low to intermediate technology." This latter point was important, he felt, if the manufacturing process was to have a wide application, particularly in developing countries.

Resin

Though he has ultimately decided to handle the manufacture himself by siting his machinery in a new factory at Sittingbourne, in Kent, and to buy in straw from farmers, White says he has not really deviated from his original concept of a fairly basic manufacturing process. This means the machinery could still be sited on a farm — which may prove a viable proposition in overseas markets, he feels.

The co-operation White enjoyed from the Cambridge laboratories of Ciba-Geigy eventually led to a resin being developed which was suitable for the production of strong, waterproof, straw boxes — which could be printed on to identify produce, into which nails or staples could be driven, and which would be as strong as wood.

It was not until April 1980 that White "finally got the production technique right." And, by that time, "I had no more money." He had been funding himself to that point by his design work and by raising money on his house. But with a wife and four children, his finances were very stretched.

In his search for further support, White then got involved in a deal which within months turned sour and resulted in his having to raise a further loan in order to buy back the patents on the machinery he had invented.

Fibrous

Though this was a major financial and business setback, White remained determined to exploit his invention. His resolve lay partly in his conviction that he had spotlighted a market with enormous potential and partly in his belief that the ecological implications of his process would prove highly advantageous.

In the British market alone around 140m boxes are used in the horticulture industry each year, the large majority of which are non-returnable and the remainder of which are used only a few times.

As for his raw material, White reckons that between 3m and 4m tons of straw are burned annually. "If I get into the position of using more than 4m tons a year I will have a very big business indeed."

From the outset he is buying supplies through merchants rather than directly from farms, and from a large enough geographical spread to ensure that he does not cause problems in the market. He has obviously got to pitch his price at a level which makes it economic for a farmer to sell and for him to manufacture at a cost that is competitive with traditional wooden, or plastic boxes. Equally, by spreading his purchases he reckons he can avoid the danger of distorting prices in any one area and of being caught by a bad harvest in any particular part of the country.

Nor is his manufacturing process necessarily reliant on straw. For example, the waste from sugar cane is a feasible material, as is even the outside of coconuts. Indeed, "we can use most raw fibrous materials," White claims.

But for the moment it is straw alone, and particularly wheat straw — which is softer than the barley variety—which is to be the material for a range of boxes varying in thickness from 2mm to 30mm. They will sell at competitive prices, in some instances up to 30 per cent or so less than a softwood equivalent, says White.

The plant which is being put into his Sittingbourne factory will cost around £100,000 and is capable of producing more than 2.5m boxes a year.

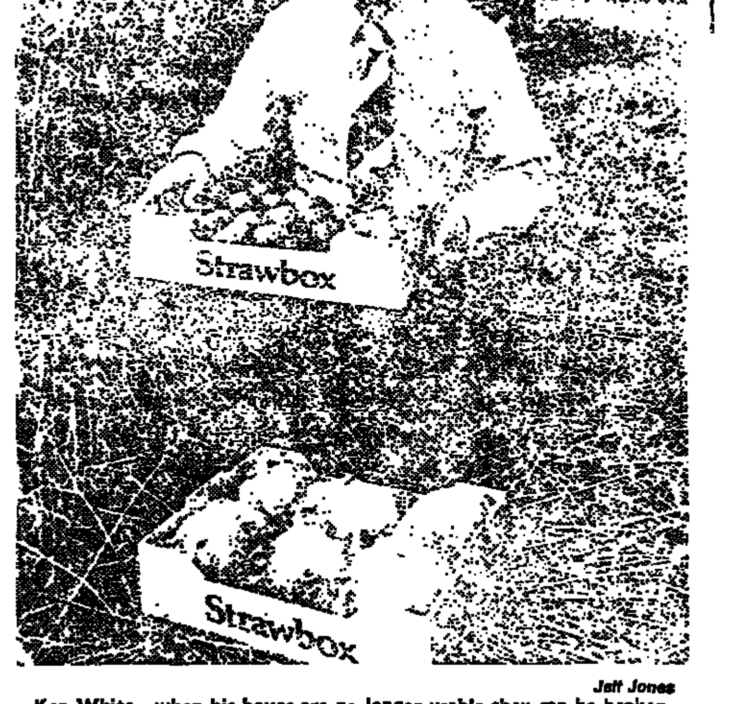
Though this is clearly the most significant piece of machinery White would reckon he has designed, it is not the first. Among other pieces of plant he has been involved in developing, has been a machine for grading kiwi fruits. This was for a New Zealand company and involved White in testing the capabilities of a whole variety of existing machines — such as egg graders — before deciding that a purpose-designed machine was the only answer.

After his problems last year, White's hopes of succeeding with his straw box venture rose some months ago when his accountant suggested he should talk to Development Capital. It was a step which, within weeks, led to an agreement being reached whereby both the finance company and the chemicals group decided jointly to back the project. Both are providing White with management back-up as well as finance, with Neil Falkner of Development Capital and Graham Anthony of Ciba-Geigy joining White on the board of Straw Box Systems.

Despite the difficulties that needed to be sorted out by White with his previous partners, Development Capital saw the strawbox venture as "an outstanding opportunity," says Neil Falkner.

Most of the time spent by Development Capital on the project was taken up in assessing the costings of the strawbox process and its markets, says Falkner, adding that White's figures stood up to scrutiny.

Of the investment scene in general, Falkner feels that the UK throws up "a lot of highly ingenious people," but he acknowledges that "it is relatively unusual to find a product that is unique and with such clear marketing advantages as White's straw boxes."



Jeff Jones

Ken White—when his boxes are no longer usable they can be broken down and spread on the ground as a mulch

Why Philips is restructuring at home

BY CHARLES BATCHELOR


Frans Otten: "a change of attitude is called for"

PHILIPS, the electrical giant with operations in 66 countries around the world, had never got round to establishing a fully fledged national organisation in its home country, the Netherlands. Now, 90 years after the company was founded, it hopes to remedy this oversight.

There is already a Philips Nederland (with some 4,000 employees) but this confines itself to selling the companies' products in the Netherlands. The rest of the company's activities in the Netherlands, employing 70,000 people, have occupied a grey zone, the responsibility partly of one of the group's 12 product divisions and partly of staff groups at the Eindhoven headquarters.

Philips now wants to establish two Dutch subsidiaries—Nederlandse Philips Bedrijven —which will assume responsibility for the domestic production and commercial operations —and Philips International, comprising those parts of the product divisions and staff departments responsible for the worldwide corporate activities. Philips Gloeilampenfabrieken will take the legal form of a holding company.

"Policy for our Dutch organisation is fragmented," says Frans Otten, group managing board member responsible for social affairs and chairman-designate of the new Dutch company. "There is no clear chain of responsibility and it has proved difficult to present a clear image to the outside world. We have been thinking for several years about changing our company structure."

Philips' small home market and the establishment of production plants in many countries around the world has dictated the matrix structure which has been developed for national subsidiaries everywhere outside the Netherlands. The matrix is formed by the interlocking responsibility of the companies to the appropriate product division and to the national organisation of the country in which they operate.

Otten admits that it is difficult to express the expected improvement in terms of guilders, though Philips is convinced that the group will function more efficiently. An example of this could occur when one factory has excess capacity while another is bursting at the seams.

At present, plant managers report directly to the management of the product division. Only through the divisional heads getting together informally would the two problems be identified and a possible solution found in transferring production to the under-used plant. Problems like this are usually solved eventually, but only, Otten feels, in a rather haphazard way.

A clear division of Dutch national and corporate responsibility should simplify the work of Philips' senior management, which currently gets distracted from problems overseas by apparently more pressing local difficulties.

"Management must give its time equally to the different parts of the company's worldwide organisation and not so much to the Netherlands," says Otten. The home operation will not be neglected, however. The extensive development and production activities in the Netherlands will still require attention from the management board, but the day-to-day running will be in the hands of the board of Nederlandse Philips Bedrijven.

Once the central works council has given its opinion of the plan — sometime this month — Otten expects the new organisation to be in operation in 12 to 18 months. "Most people won't notice anything has happened and we won't have to set up a new headquarters," he says. "A change of attitude is called for rather than moving round large numbers of people."

Why has it taken so long for Philips to become aware of the problem? The inertia built into a large corporate structure has played a part. "You must prepare carefully for such a far-reaching reorganisation," says Otten.

Work began seriously in mid-1980 with the commissioning of a feasibility study. Talks were then held with the works council and the unions were also kept informed. The works council must be involved in such a fundamental change as this, though it has no power of veto. The unions have also been kept in the picture as a matter of courtesy, though the company does not have to ask their views. There will be no adverse social consequences from the change, Philips says.

Now that the reorganisation is imminent, more and more people within the company are beginning to see the advantages, says Otten. "People are starting to say: 'If we had a Dutch national organisation we could do this better.'"

Otten is to be the chairman of the new Dutch organisation to give it a direct link with the group management board, but when the new system has proved itself he expects to hand over to someone else.

TECHNOLOGY

EDITED BY ALAN CANE

Polaroid's camera for novices

BY ALAN CANE

EUROPEAN photographers and photographic dealers will have their first sight of the world's most sophisticated cameras for novices within the next few months.

Polaroid, manufacturers of the new cameras, has announced it will introduce the Polaroid 600 instant photography system to the UK in a limited fashion in the autumn, prior to a full launch in the spring of 1982.

The system was launched with a blaze of publicity in the U.S. in May this year.

The cameras are manufactured in the U.S. and in Scotland at Polaroid's Vale of Leven plant. According to Mr John Bowmar, Polaroid's general manager for marketing in the UK, cameras part of the initial production from the Vale of Leven will be exported to the U.S. to help meet demand there.

Polaroid was unwilling to give figures for extra investment in Scotland as a result of the decision to manufacture the 640 and 660 there, but it said it would not mean extra jobs.

Automated production techniques, together with the fact that the new cameras, depending heavily on packaged microelectronics, are simpler to fabricate than conventional cameras, mean that production of the 600 system can be achieved with extra shifts.

The new range seems likely to maintain Polaroid's dominant position in instant photography. It has only one serious commercial competitor, the giant Eastman Kodak corporation, although a number of Japanese companies are known to be looking at the possibility of developing instant photography systems.

Kodak said this week it had no intention of reducing investment either in the development or promotion of its instant cameras which it regarded as a permanent and highly important part of its business.

Nevertheless, its most sophisticated offering at present, the EF 160, selling for about £43, is significantly less advanced than the new Polaroid systems.

The 600 range comprises two models at present, the 660 and the 640.

There is little really new technology in either system. What Polaroid has done is take all the best elements of its existing systems, polish and refine them and present them in a single package at a price of £50 for the 660 and £35 for the 640.

The result is a combination of electronic and optical slickness combined with a dash of built-in photographer's know-how.

The 660, for example, bounces a high frequency sound beam off the subject and uses the echo to focus the camera.

Not new—it is already available on Polaroid autofocusing cameras but the distance information is held in an electronic memory and used to calculate the exact aperture and the exact moment to fire the flash.

The flash is Polaroid's chief selling point on the new cameras. The camera was designed to suit that majority of people who know and care little about cameras and who take snaps chiefly of family and friends within a range of 14 feet and often in poor light conditions.

Better balance

Flash is used on every shot. Where ambient light is dim it is (obviously) essential. Where ambient light is adequate it is used to soften shadows, bring out the background and generally give a better balance between light and dark, a light management technique professional photographers call proportional fill-in flash.

The clever electronics in the 660 and 640 so control the shutter and the flash that the best mix—75 per cent ambient light, 25 per cent flash—is achieved every time.

The 640 camera has fixed focus, but uses an infra red light receptor to control the flash in low light.

Both cameras use an improved version of Polaroid's instant print film with the developer and the six-volt battery, which powers all the camera's functions, in the film pack.

At 600 ASA nominal rating, it is the fastest commercially available colour film, and Polaroid sees a number of other uses for it in the industrial and medical fields.

Will the 600 system cameras appeal to the public? They are bulky, but very light, completely unlike conventional cameras in appearance.

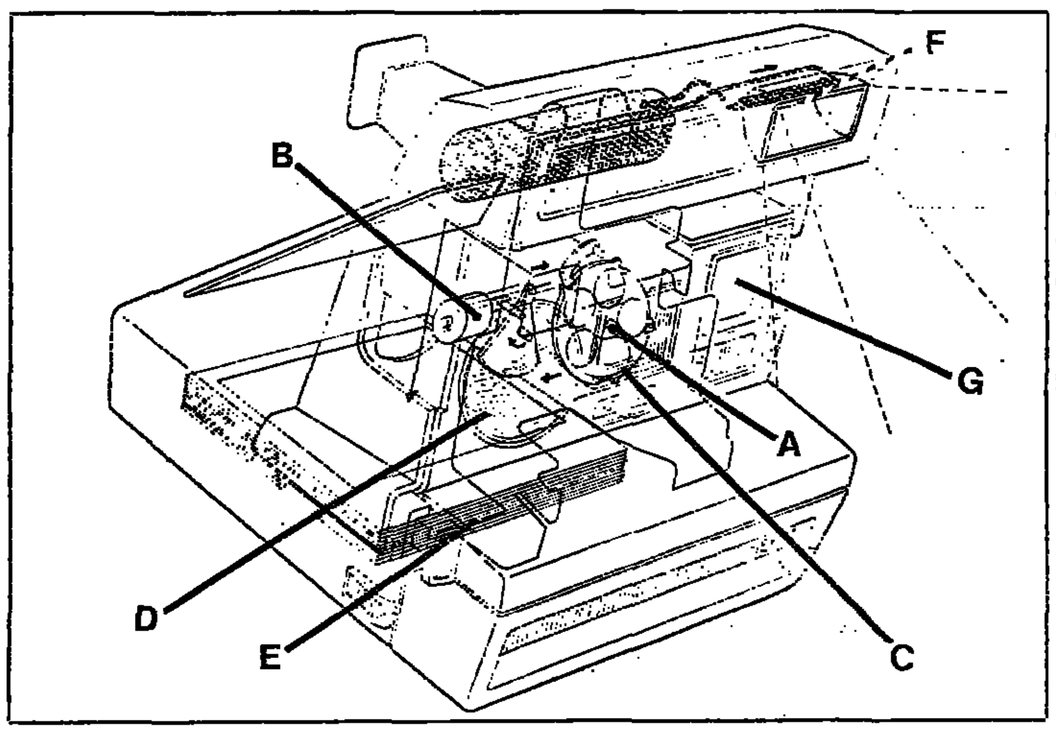
After testing a 660 for a day, the Financial Times photographic desk said the camera performed well up to design specification. It would have only limited appeal to the serious photographer but seemed ideally suited to the novice.

Film, at £5.69 for 10 snaps, was expensive. Polaroid replies that the proportion of poor snaps is cut dramatically using the level of automation built into the 600 system.

While Polaroid seems determined to remain predominantly in consumer photography, it is starting to capitalise on its investment in advanced technology.

It sells the sonar autoranging device in kit form, for example, and the "Polapulse" flat battery is used to power a motorist's flashing traffic warning. There are indications it is using its disastrous experience with its "Polavision" instant-movie system to develop instant transparencies.

It makes one professional instant camera, the 600SE, but its interests remain tied to the consumer. As one photographic expert murmered sadly last week: "All this investment, all this high technology and yet Polaroid still does not build a camera."



How the 660 works: The shutter blades (A) begin to open when the release is pressed. The flash (F) fires when the correct aperture determined by the sonar rangefinder (D) is reached. Focus is set by the revolving lens carrier (C) and ambient light intensity by the photocell (G). Light enters the camera to reach the film (E). When correctly exposed, the solenoid (B) closes the shutter.


THE Polaroid Autofocus 660 incorporates an integral flash and develops the film in 90 seconds

Laser system to find float glass flaws

TWO Intec automatic laser inspection systems are to be installed on the float-glass production lines at the Auvelais, Belgium, plant of Glaceries de St Roch, part of the French-based St Gobain group.

The laser system is designed to detect flaws such as scratches, stones and bubbles during the float-glass production process. It is claimed to "see" defects that no other method of inspection, human or automatic, can detect, helping to increase output and reduce scrap.

Three basic units are included in the system: a scanner which sweeps a spot laser across the glass about 5,000 times a second: an optical receiver which collects the transmitted laser light and converts it into electronic signals; and a quality control centre where specialised modules interpret the changes in the transmitted light, identify the nature of the defect causing the changes, and pinpoint their exact location.

Solution for sewers

MAJOR PROBLEM of crumbling and corroded sewers in our cities and towns is expected to cost millions of pounds in renovation schemes.

But, there is offered a new sewer lining system which promises to cost about one fifth of conventional pressure grouting repair methods, says Granpremier Products (0622 78732).

This uses a specially formulated sealant from Berger Elastomers (0632 25151) which adds considerably to the sewer's strength and should be of interest to all water authorities.

It makes use of pre-moulded sections of GRP: its tongue and groove radial joints are highly resistant to corrosion, chemicals and bacterial attack; and the tailor-made sections are inserted into existing sewers through conventional manholes, resulting in minimum disturbance to traffic, as no road excavations are necessary.

Material used for jointing the sections is Berger's Flextron 2, a non-biodegradable polyurethane sealant with an impressive track record in sewerage works and other water installations where high biochemical resistance under total immersion conditions has been required.

..POINTERS..

Masking tape for circuits

PAPER-BASED masking tape, introduced by R S Stokvis and Sons, is claimed to provide the manufacturer of printed circuit boards with a new solution to the problem of masking gold-plated contact fingers before wave soldering.

Named SolderMask, it is a combination of impregnated crepe paper and silicone adhesive claimed to be cheaper than the usual polyimide-backed material. The crepe paper backing will make close contact with the "hills and valleys" in the circuit board, which is especially important in protecting gold-plate contacts against solder creep during the wave soldering process.

SolderMask is designed to be completely stable at temperatures up to 260 deg C during wave soldering and to remain firmly stuck to the circuit board during the flux, preheat and soldering operations. Stockvis is on 01-941 1212.

Trip units

DIGITAL SPEED trip units designed to set off an alarm circuit automatically whenever the rotary or linear speed of a machine exceeds a preset level have been introduced by Compact Instruments. The units are available in a range of configurations and case styles suitable for most industrial speed monitoring applications, the company claims.

Four-digit thumbwheel switches on the front of the units are used to set the upper and/or lower levels of speed or frequency. As soon as one of the preset levels is tripped, built-in LEDs are switched on. A proximity or optical pick-up provides accurate, non-contact monitoring and only one pulse per revolution is needed from the machine being checked, says Compact.

Accuracy is claimed to be plus or minus one digit and the speed range covered is 100-9,999 rpm. Other ranges are supplied to order. Compact Instruments is on 01-440 6663.

Bottle warmer

A PROBLEM encountered in filling bottles made of the plastics material PET (polyethyleneterephthalate) with soft drinks or other liquids is that of condensation. To solve this problem a bottle warmer has been introduced by Ortmann and Herbst.

H. Erben has recently installed one of these warmers in the Glasgow plant of Coca-Cola Bottlers (Scotland and Northern). Designed for use with both PET and glass bottles, it raises the temperature of the product from 5 deg. C to 20 deg. C in 11½ minutes.

An air blower at the discharge end is claimed to ensure that the bottles are dry when discharged from the warmer. The installation is capable of handling up to 30,000 bottles/hr and is fitted with automatic temperature control, pressure regulators and thermometers. More from 0473 823011.

Tachometer

A COMPACT, portable, optical, digital tachometer, introduced by Graham and White Instruments, is designed to enable the operator to measure rotational or reciprocating speeds remotely while carrying out other speed-related functions such as governor setting or engine timing.

The tachometer has a remote optical sensor with a beam range of 1 metre. The beam is projected on to a strip of suitable tape fixed on the rotating surface. Light pulses reflected from the strip are processed by the indicator unit and shown by the LCD as a numerical reading.

The speed range is from 50 rpm to 200,000 rpm and the LCD is claimed to allow the system to be used in direct sunlight as well as shaded locations. Graham and White Instruments is on 56 59373.

LOMBARD

How to pay for the BBC

BY ANATOLE KALETSKY

AFTER THE FARCE over the selection of a speaker for the BBC's Dimbleby Lecture, there cannot be many people left in Britain who think that our system of organising broadcasting still provides a guarantee of political independence for the media.

The fact that the Director General decided to step in and veto an invitation not just to Professor E. P. Thompson, a radical socialist historian, but also to Mr Edward Heath, a former Conservative Prime Minister, has helped to discredit the idea that the BBC is a right-wing conspiracy.

Bias

But that view was not really tenable in any case. If there is a political bias in its coverage, it is not a systematic one. Many of its programmes, particularly on foreign affairs and on social issues such as race and immigration, present views to the left of both Conservative and Labour governments.

The charge that is more plausible is that the BBC has become something of a panderer to the whims of politicians in a way that is more superficial but also more corrupting. Like some of the management's controversial decisions on the coverage of Northern Ireland last year, the embarrassment over the Dimbleby Lecturer seems to stem not from a coherent political stance but from a fear of causing unnecessary personal irritation to political masters. What has been lost since the days of Lord Reith is a sense not of objectivity or political fair play, but of self-confident independence.

The main reason for this is simple: the BBC has become a permanent mendicant, its livelihood dependent entirely on the personal goodwill of politicians. For at a time of even moderate inflation, the licence fee system, which was designed to guarantee the BBC's political independence, in fact ensures that its livelihood is entirely dependent on the personal goodwill of the politicians who decide when and whether to adjust the fee for inflation.

The obvious solution to this problem—if politicians regarded this dependence as a problem rather than as a positive advantage—would be to index-link the licence fee, either permanently or for a substantial number of years.

The standard objection to indexation—that at a time of economic crisis and public spending cuts no organisation should be made immune to the economic pressure—is a complete red herring. Even with an indexed licence fee, there would be nothing to stop the Government reducing the BBC's finances, provided they were prepared to present this to Parliament as a deliberate policy action.

The deeper objection—that there may really be no need for a publicly financed broadcasting organisation on the scale of the BBC at all—cannot be dismissed so lightly, although it can be argued that once the BBC is unshackled from its dependence on political favour, it might move away from the bland populism which has done much to discredit the idea of public broadcasting in the past few years. In any case, the question of abolishing or severely curtailing the BBC should be addressed explicitly and not simply be left to the random interaction between political patronage and inflation.

An even better solution than indexing the licence fee would be to abolish it altogether and replace it with a tax related either to income or expenditure. For the BBC this would overcome one of the main objections to every increase in the licence fee—its extreme regressiveness. Now that 97 per cent of households have televisions, the licence fee is in effect a poll tax and, like any poll tax, bears far too heavily on the poor. In addition, the savings in collection and evasion costs would be around £60m.

Principle

Of course the BBC tax would have to be clearly allocated to BBC spending and nothing else—like the church taxes in Germany, for example. The Treasury would resist the principle of "hypothecation" even more mulishly than it opposes the principle of indexation. But then, the history of budgetary policy in Britain suggests that the Treasury's opposition may be an argument for, rather than against, the idea of linking specific taxes to specific spending.

The new town in Silicon Glen

BY ANTHONY MORETON

AROUND BRITAIN

GLENROTHES

THERE IS a single malt whisky called Glenrothes. It is reputed to be one of the best in Scotland. But in the new town of Glenrothes itself there are only two off-licences which sell it.

The whisky actually comes from Speyside, near Aberdeen, rather than from the Fife town, but there ought to be a couple more enterprising licensees who are willing to advertise the "local" product.

With or without the whisky, Glenrothes is very much a success story. The new town was originally designated in 1948 and projected to have a population of 32,000. But by 1963 the planners had revised the plans and given the town a higher population target of 55,000.

The redesignation came about because of the failure of the local pit, which was something of an irony because not long after, before the pit closed, its winding towers won an architectural award. Still, with that ability the Scots have for turning problems around, the shaft, by now full of water, was turned into a test-tank for submersibles.

For most of the rest of the time Glenrothes has not had to concern itself with problems. It has managed to attract a large number of new industries and has reached the point where it now has a high proportion of the high-technology industries which are arriving in increasing numbers in Scotland. The central part of Scotland, to which Glenrothes belongs, is being called locally Silicon Glen.

Among the high-technology concerns are General Instrument Microelectronics, which is about to double its workforce in the town to 1,000 workers, and Hughes Microelectrics. In the near future at least three more companies are expected to join these international giants.

The first is WSK (Electrical), a joint venture between George H. Scholes of Manchester and Brown Boveri. The firm has taken a 20,000 sq. ft. factory and will be employing initially between 60 and 80 people making domestic electrical micro-switch breakers.

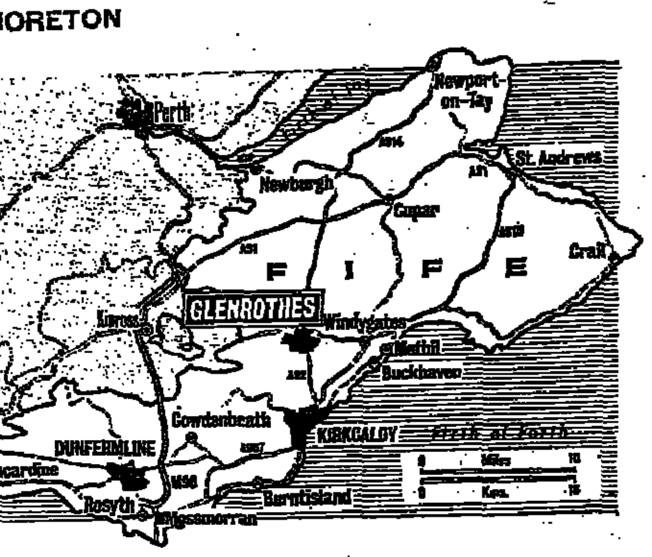
The second is Rodime, a rotary disc memory concern. Technically, it has been possible to put information on disc for some time but not take it off. Now Rodime has come up with a process by which it can do this reverse procedure.

The company was set up by three people who broke away from Burroughs Computers. It has taken a 26,000 sq. ft. factory which should open in October and provide jobs for 165 people.

The third is Coors Ceramics (UK). Coors is the fifth largest American brewer and it has gone into the microchip business using its ceramic materials expertise to produce small ceramic chips.

It has chosen Glenrothes as its first European production centre with a 20,000 sq ft factory, which should open in November and employ 25 people initially, though increasing to 100.

In addition, in the pipeline probably half a dozen other companies are evaluating the town. One is Swiss, which would provide 100 jobs, and two American concerns have made inquiries and appear to be pursuing these with some vigour. Five other concerns have expressed interest, though their plans are not in such an advanced stage.



In the next two or three months schemes are likely to have been announced that will bring some 900 jobs to a town which has little more than 9 per cent unemployed.

The population of Glenrothes has now passed the 38,000 mark and while the town has expanded more slowly than some other Scottish new towns, such as East Kilbride, its growth has been what Mr Martin Cracknell, chief executive, describes as "sensible."

This rate of growth has been more gradual because Glenrothes, unlike the other four Scottish new towns, was never considered as a feeder town for Edinburgh. It had to exist on its own merits. It is situated in the centre of the rich agricultural Fife countryside and within its short life has become one of the most important towns in the region, reaching the point where it is now the home of the main administrative services such as the regional council and the area health board.

Alongside the growth of these service jobs the development corporation has been pressing ahead with the Kingdom centre, the town's main shopping centre. Phase 3 which is now under construction will add a large store of 25,000 sq ft, already taken by Fine Fare, three smaller stores and a number of smaller shops.

Nor is this the end of the development. Kirkcaldy District Council, the local planning authority, has agreed that Phase 4 may go ahead after 1986 but it has taken a pragmatic view about the arrival of new shops and said that, if a major store were to arrive in the meantime, then it would not stand in its way.

The problem about expanding industry is that like all the other new towns in Britain, as well as the local authorities, Glenrothes has had to cut its housing programme. It is not starting any new building now. Yet the success of the new towns has come about in considerable measure through being able to link jobs to houses.

The Government's cutbacks mean that while the corporation is still completing contracts put in hand two years or more ago, in 12 months or so, when the present building programme runs out, there will be no new houses in the public sector available in Glenrothes.

It will then face a more difficult task in trying to attract mobile investment. One area of Government policy, attracting industry, will then be defeated by another—no housebuilding—which can hardly be a satisfactory way to run an economy.

Refreshment a must at Goodwood

RACING

DOMINIC WIGAN

THIS AFTERNOON'S Goodwood programme has plenty to offer, although not quite of the standard of the Stewards' and Sussex Stakes days.

In addition to the Waterford Candelabra Stakes, the hilltop course with its fine view to Chichester Cathedral has interesting races for the Gordon Lennox Stakes, the Counters Gate Stakes, and the Harvest Nursery.

Now that both Corsky and Dione have been unexpectedly pulled out of the Waterford Candelabra Stakes, Baltimore Belle may be up to following the example of her stable companion, Fairy Footsteps. Boyd-Rochfort's filly, a half-sister to Wollow, supplemented a modest Nottingham success with a hard-fought victory over Tickletimes in the Sweet Solera Stakes and her gameness should see her through against Kiva.

In the other juvenile event, the Harvest Nursery, it will be interesting to see if Hiding can atone for her 11-4 on defeat, following an impressive debut at Pontefract, where she landed a gamble. She may well find her best form again over this sharp five furlongs, but she is not one I would care to back until she has re-established herself. A better proposition is probably top-weight, Corley Moor, a respectable third in the Lowther.

Refreshment, the first foal of that high-class mare, Intermission, ran a fine race on her introduction in a big field of maidens at Newbury six weeks ago, and looks well worth an interest in the Gordon Lennox.

Half an hour later, her jockey, Pat Eddery, who probably rides this course better than anyone else now in the saddle, should have an armchair ride in the Counters Gate Stakes on Apalachee's handsome half-brother, Belted Earl. At Phoenix Park early this month, Belted Earl won in the style of a future champion.

GOODWOOD

2.15—Noblanna
2.45—Corley Moor
3.15—Baltimore Belle
3.45—More Harmony
4.15—Refreshment***
4.45—Belted Earl

NEWMARKET

2.30—Cut Loose**
4.30—Regal Steel*

TV/Radio

÷ Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.50 The Wombles. 9.55 Jackanory. ÷10.10 Champion, the Wonder Horse. 10.35 Take Hart. 10.55 Cricket: Sixth Test—England v Australia from the Oval. 1.07 pm Regional News for England (except London). 1.10 News. 1.25 Chigley. 1.40 Cricket: Sixth Test— England v Australia. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 The Space Sentinels. 5.05 Rentaghost. 5.35 Roobarb.

5.40 Nationwide (London and South-East only).
6.20 Oh Happy Band!
6.50 Zulu Wilderness.
7.40 Athletics from Brussels.
8.30 Sink or Swim.
9.00 News.
9.25 Knots Landing.
10.15 Fivepenny Piece in Concert.
10.45 News Headlines.
10.50 The Late Film: "Norwood," starring Glen Campbell.

All Regions as BBC 1 except as follows:—

Cymru/Wales — 1.25-1.40 pm Bys A Bawd. 5.05 Fred Bassett. 5.10-5.35 Un Noson Dywyll. 5.55 Wales Today. 6.20 The Wonderful World of Disney. 7.05 Newyddion. 7.10-7.40 Prydain Fechan. 10.15 Western Welsh. 10.45-10.50 News for Wales, National News.

Scotland—1.05-1.10 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Beechgrove Garden. 10.45-10.50 News for Scotland, National News.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Cook With Clare. 10.45-10.50 News for Northern Ireland. National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North-East (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth). 10.15-10.45 East (Norwich) Weekend; Midlands (Birmingham) Nights at the Swan; North (Leeds) Direct Line; North-East (Newcastle) The Gentleman's Game Played By Cads; North-West (Manchester) Home Ground; South (Southampton) More Ways Than One; South-West (Plymouth) That's .. Rich; West (Bristol) Shutdown.

BBC 2

6.40-7.55 am Open University.
11.00-11.25 Play School.
2.00 pm Show Jumping and Racing from Goodwood.
4.20 Cricket: Sixth Test.
6.30 Open University.
6.55 FACTS: Football Association Coaching: Tactics, Skills.
7.20 One Hundred Great Paintings.
7.30 Cartoon Two.
7.40 News Summary.
7.45 Gardeners' World.
÷8.10 "To Kill A Mockingbird," starring Gregory Peck.
10.15 Stuart Burrows Sings.
10.50 Newsnight.
11.35 Bullseye.
12.05 am Cricket: Sixth Test highlights.

LONDON

9.30 am Larry the Lamb. 9.40 The Story of Wine. 10.10 The Bubblies. 10.15 Wild Canada. 11.05 Bracken. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 One in a Hundred. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Emmerdale Farm. 2.00 Houseparty. 2.25 Racing from Newmarket. 3.45 Father Dear Father. 4.15 Early To Bet. 4.20 Storybook International. 4.45 Freetime. 5.15 Sale of the Century.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Winner Takes All.
7.30 The Muppet Show.
8.00 Athletics: The Golden Mile from Brussels.
8.30 That Beryl Marston . . . !
9.00 Stay With Me Till Morning.
10.00 News.
10.30 Police 5.
10.40 Soap.
11.10 Starting Out: an inquiry into London's Schools.
11.55 SWAT.
12.50 am Close: Personal Choice with Professor Archie Roy.

All IBA Regions as London except at the following times:—

ANGLIA

9.40 am Friends of My Friends. 10.05 Cities. 10.55 Cartoon Time. 11.10 Pro-Celebrity Darts. 11.40 Razzmatazz. 1.20 pm Anglia News. 3.45 The Entertainers. 5.15 Winner Takes All. 6.00 About Anglia. 7.00 Sale of the Century. 10.30 Side By Side By Swinfield. 11.00 Soap. 11.30 Friday Late Film, "The Glass House," starring Alan Alda. 1.10 am Christians In Action.

ATV

9.40 am Something Different. 9.55 Wild Wild World of Animals. 10.20 George Hamilton IV. 10.45 In Focus. 11.10 The Further Adventures of Oliver Twist. 11.40 Razzmatazz. 1.20 pm ATV News. 3.45 In Search of . . . : Secrets of Life. 6.00 ATV Today including ATV sport. 10.30 WKRP in Cincinnati. 11.00 ATV News. 11.05 "Case for the Defence."

BORDER

9.35 am Larry the Lamb. 9.45 Sesame Street. 10.45 Who's Afraid of Opera. 11.10 Survival. 11.35 Razzmatazz. 1.20 pm Border News. 3.45 Untamed World. 6.00 Lookaround Friday. 6.30 Enterprise. 10.30 "Hagen," starring Chad Everett. 12.10 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where, and Weather. 3.45 Father Dear Father. 6.00 Channel Report. 6.10 Disney Cartoons. 6.30 Lost Islands. 10.28 Channel Late News. 10.32 Target the Impossible. 11.05 Late Night Movie: "The Best House In London." 12.45 am News and Weather in French.

GRAMPIAN

9.40 am First Thing. 9.45 Turkey Time. 10.55 Story Hour. 11.40 Razzmatazz. 1.20 pm North News. 3.45 A New Kind of Family. 6.00 Summer at Six. 6.30 Happy Days. 10.30 The Late Night Horror Show: "The Torture Garden," starring Jack Palance. 12.10 am North Headlines.

GRANADA

9.30 am A Big Country. 10.00 European Folk Tales. 10.10 Razzmatazz. 10.30 Comic Stories. 10.35 The Flying Kiwi. 11.00 Sesame Street. 1.20 pm Granada Reports. 3.45 Our Little Town. 5.15 Think Tank. 6.00 Granada Reports News. 6.05 A View from the Lakes. 6.30 Kick Off. 10.30 Barney Miller. 11.00 For Adults Only: Michael Caine in "Get Carter."

HTV

9.50 am Razzmatazz. 10.10 Beachcombers. 10.35 The Entertainers. 11.00 Sesame Street. 1.20 pm HTV News. 3.45 Do You Come Here Often? 6.00 Report West. 6.30 WKRP in Cincinnati. 10.28 HTV News. †10.35 Cinema Club: "Forbidden Games," starring Brigitte Fossey.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.15-4.45 Rhadwch I Fywl. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 The High Flying Swans.

SCOTTISH

9.55 am Portrait of a Village. 10.20 Wild Wild World of Animals. 10.45 Young Ramsay. 11.35 Razzmatazz. 1.20 pm News Headlines and Road and Weather Report. 3.45 Circus. 6.00 Scotland Today/Festival '81. 6.25 Sports Extra. 6.45 Hear Here. 10.30 Meet Paul Cole. 11.05 Festival Focus. 11.45 Golfing Greats (Tony Jacklin). 12.15 am Late Call.

SOUTHERN

9.35 am Untamed World. 10.00 Lost Islands. 10.25 Afloat. 10.55 The Human Face of China. 11.20 European Folk Tales. 11.40 Razzmatazz. 1.20 pm Southern News. 3.45 Our Little Town. 5.15 Sale of the Century. 6.00 Day By Day. 6.00 Scene South-East (South-East Area only). 6.30 Survival. †10.35 "The L-Shaped Room," starring Leslie Caron.

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 9.30 Untamed Frontier. 9.50 George Hamilton IV. 10.15 Bailey's Bird. 10.35 Sesame Street. 11.35 Razzmatazz. 1.20 pm North-East News and Lookaround. 3.45 Leave It To Charlie. 5.15 Let's Rock. 6.00 North-East News. 6.02 Sportstime. 6.30 Northern Life. 10.30 North-East News. 10.32 "The Illustrated Man," starring Rod Steiger. 12.25 am Countryside Christian.

ULSTER

1.20 pm Lunchtimes. 3.45 Survival. 4.13 Ulster News. 6.00 Good Evening Ulster. 6.30 Let's Rock! 10.29 Ulster Weather. 10.30 Witness. 10.35 The Incredible Hulk. 11.35 Bedtime.

WESTWARD

9.35 am Sesame Street. 10.35 Vicky the Viking. 11.00 Cities. 11.55 Wattoo Wattoo. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.45 Father Dear Father. 6.00 Westward Diary. 10.32 Westward Late News. 10.35 Western Approach. 11.05 Late Night Movie: "The Best House In London," starring David Hemmings. 12.45 am Faith For Life. 12.50 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am Larry the Lamb. 9.40 The Amazing Years of Cinema. 10.05 Young Ramsay. 11.00 Razzmatazz. 11.25 Welcome Back Kotter. 11.55 Wattoo Wattoo. 1.20 pm Calendar News. 3.45 In Concert. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 10.30 Benson. 11.00 The Friday Night Film: "Loving In The Rain," starring Romy Schneider.

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Tony Blackburn with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable with Mike Read. 7.30 Anne Nightingale. 10.00-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 Bob Kilbey (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 David Symonds with Much More Music (S). 8.00 Sequence Time at the Radio 2 Ballroom (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.00 Keep It MacLean. 10.30 The Bing Crosby Show. 11.00 Brian Matthew with Round Midnight from the Edinburgh Festival. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composers (S). 10.00 Christian Blackshaw piano recital (S). 10.55 Cricket: Sixth Test—England v Australia, including 1.05 pm News. 1.10 Call the Commentators. 5.00 Mainly For Pleasure (S) (VHF only until 6.10). 7.00 Let the Peoples Sing (S). 7.30 Proms '81 (part 1): Sibelius (S). 8.20 So My Particular Friend (S). 8.40 Proms '81 (part 2): Brahms (S). 9.35 Purcell's Sonatas (S). 10.00 You Will Hear Thunder (S). 10.55 News. 11.00-7.00 am Proms '81S: an all night programme of music from India (S).

VHF—With Medium Wave except as follows: 5.55-6.55 am Open University. 11.00 Edinburgh International Festival Concert (part 1) (S). 11.45 Festival Comment. 12.00 Concert (part 2). 1.00 pm News. 1.05 Lindsay String Quartet (S). 2.10 BBC Northern Symphony Orchestra (S). 3.55 English Cathedrals and Their Music (S). 4.55 News. 5.00 Mainly For Pleasure (S) (VHF only until 5.10).

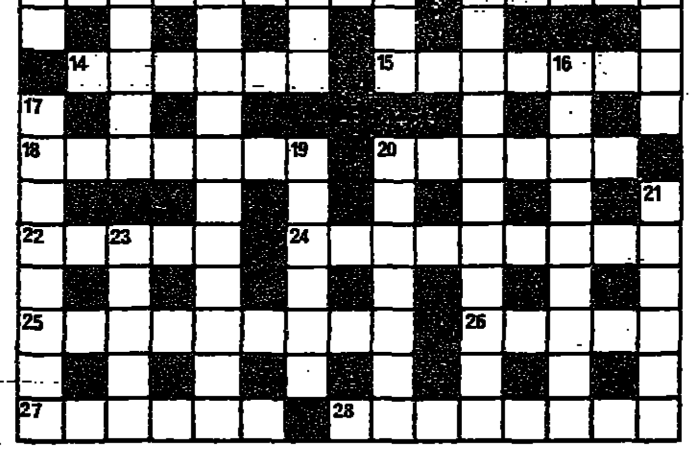
RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.45 Tales from a Long Room. 8.59 Continental Travel Information. 9.00 News. 9.05 Desert Island Discs (S). 9.45 The Memoirs of J. K. Galbraith. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 To Fly Where the Sun Never Sets. 12.00 News. 12.02 pm You and Yours. 12.27 The Year in Question. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour from Bristol. 3.00 News. 3.02 Afternoon Theatre. 4.05 Weigh-in. 4.15 Nelson Riddle. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 With Great Pleasure (S). 9.15 Letter From America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Injury Time (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 One Woman's Arabia. 11.45 Friday Treat with Dilly Barlow. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Richard Vaughan Telephone Programme. 12.30 pm London News Desk. 12.40 MMM . . . Maitland's Midday Music. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 This Week. 7.03 Black Londoners. 8.00 As Radio 1. 10.00-5.00 am Join Radio 2.

F.T. CROSSWORD PUZZLE No. 4,658



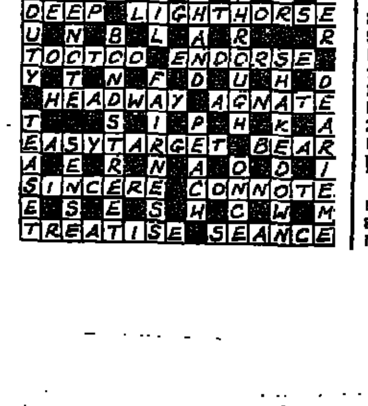
ACROSS

1 Return a retort (4-4)
5 Have enough money for a loud car (6)
10 Lodger embracing mother and child (5)
11 Type of pea and another vegetable with oil (9)
12 Sailor in Eastern ship or smack (9)
13 Two gases soldiers left hourly (5)
14 Contrived dramatically an all-male edition (6)
15 Geometric figure having no horse on (7)
18 Mixed litre of clover (7)
20 Take up permanent abode and pay the account (6)
22 A doctor takes it in circuit (5)
24 Type of paper best put down (5-4)
25 Chemist giving her barium to classify (9)
26 Join group going to the East (5)
27 Give fellow a note (6)
28 Fine, soft textile, for ready money pure and simple (8)

DOWN

1 Reached the South-east in an Arab shirt (6)
2 Stole time to make a parasitic growth (9)
3 Bandaging tightly to compress in obligatory agreement (7, 8)
4 Abstract competition to finish (7)
6 The way food is taken with provision for immediate needs only (4, 4, 2, 5)
7 Bid away with a word of hesitation (5)
8 Court policy published on the first page of newspapers (4-4)
9 Stone walls don't make a stir it's said (6)
16 Put on a metal coat to stimulate into action (9)
17 Joined a race and suffered pain (8)
19 Senior airman with nervous twitch—from milk? (6)
20 Changed carpets with ranges of colour (7)
21 Notice to Venerable Episcopal leader is to be superadded (6)
23 Joint of beef for industrial magnate (5)

Solution to Puzzle No 4,657



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INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

Cinema

Space goes West by NIGEL ANDREWS

Outland (AA) Warner West End
Lion of the Desert (AA) Leicester Square Theatre
Amin—The Rise and Fall (X) Dominion
Rust Never Sleeps (U) Screen on the Green
Raul Ruiz National Film Theatre

Outer Space is a fine and public place. But, once spirited thither, how does one make the pulse race? Cavernous night wheels all around, pinholed with stars, and once you step out of a mock-earthly environment — spaceship or space-station—you are doomed to weightless and rudderless flotation in an infinite void.

It's an "other world" where no sure signs of cinematic life have yet been surely sighted or quite successfully taken root. Most space films are either Dan-Dare just-passing-through romps, whizz-bang dogfights between glorified cereal-packet creations, or (like the horror-monster *Alien*) earthly genres launched lock, stock and action-vocabulary into the galaxies, substituting spaceship for haunted castle or Western town.

Peter Hyams's *Outland* is a prime example. Where *Alien* gave us *The Old Dark House* in space, *Outland* gives us *High Noon*. Space marshal Sean Connery, 170 lbs of Scots grit beneath a hedgehog haircut, administers law and order on Io, the third moon of Jupiter. A giant titanium-mining colony hums and whirs and sparkles around him, in a Grand Canyon gash in the moon's surface, and with a bank of all-seeing video monitors Connery can espy brawling in the bar, distemper in the dormitories or trouble at t' pithead.

But the real trouble on Io is the script. As penned by Hyams (who made *Capricorn 1* and *Hanover Street*), a daffy plot comes winging out of the darkness causing bathetic disarray in the film's tremendous settings and cawing some of the hoariest dialogue yet heard beyond the influence of gravity.

It's fine that a drug conspiracy should slowly and sinisterly be unveiled on Io, as Connery discovers that Mining Manager Peter Boyle is ordering large shipments of amphetamines which are then fed to the miners to increase their work-rate. Fine too that he and we should be agog-and-aghast when the recoil effects of the drugs are seen to include murder and suicide attempts, and a tendency to step outside for a breath of deoxygenisation.

But then terrible absurdities set in; as if oxygen has suddenly ceased to reach Hyam's own brain. The miners are shown to be accepting their work-intensive, drug-fed regimen, with suicide *en supplement*, without a murmur of demur. (Not even a fractious demand for overtime pay?) The bearded, butch and Bluto-like Boyle, knowing that Connery has twigged to the scandal, sends for two rifle-carrying assassins from the nearby satellite. (Surely, amid all the steepling technology, there are more simple and sophisticated means of elimination than this rheumatic bow to the Old West?) And finally an epic chase evolves, across the length and breadth of the space station, where concern for logic and geography take second place to as-many-fist-fights-as-possible in as many far-flung and *outré* corners of this mile-on-mile Mausoleum of magnificence.

Connery, with his lip-curl grin and flinty grace, lends nearly all the weight there is to this near-weightless plot; the rest being chiefly supplied by Frances Sternhagen as his sole auxiliary, a crotchety, raddle-faced woman doctor dispensing caustic one-liners instead of prescriptions. This duo battles it out for first-place honours with the stupendous sets—tunnels and towers and colossal teasing labyrinths rinsed with light — while the plot and dialogue fall lifeless just beyond the starting-line, as if shot dead in an accident with the starter's pistol. Surely, in the galaxy-conquering 1980s, there are better and grander things to be doing in Outer Space than sowing corn brung up from the Old West and smoking ham and hokum better fitted to terrestrial Arizona.

★

Lion of the Desert, on the other hand, might be improved by being catapulted into Outer Space. Anthony Quinn burbles in a white beard and burnoose as Omar Mukhtar, "legendary" Libyan freedom-fighter, and Colonel Oliver Reed struts after him in desert cape and dust-goggles as the Italian Fascist sent to put him down. (Time 1929.)

Moustapha (*The Message*) Akkad directed and HAL (*Waterloo*) wrote this 2¾-hour epic, which lopes across the screen like a long-distance dromedary in anxious need of an oasis. Omar Mukhtar's resistance ended, we learn, after many a year and many a battle, in the hangman's noose, and his claim to a consoling place in legend—hoped for by Mukhtar ("I shall outlive you all") and clearly believed in by the movie's makers—would be more convincing if more of us had ever heard of him before this film. As it is, we have to take OM's greatness on trust and with the voucher of Anthony *Quinn's basso tropicano* voice and ageless ethnic charisma, an actor who has had more sand blown in his face than anyone since Rudolph Valentino.

Battles rage, Reed primps and hisses, Rod Steiger shimmers with silent rage like a bald blancmange as Mussolini, and a burnoosed Sir John Gielgud (lately of *Sphinx*) welcomes us again to the mysterious East, this time dispensing even with such cosmetic niceties as brown face make-up and an Arabian accent. The only shred of incidental authenticity in the film is the military hardware: the early bazookahs, the bumpy beige staff-cars, the lolloping armoured vans, like water-heaters on four wheels, that trundle across the desert bringing Heath Robinson to the heart of Africa.

★

Over *Amin — The Rise and Fall* let nought but a respectful veil be drawn. The erstwhile knockabout dictator of Uganda is paid the suitable tribute of a shoddy, barrel-scraping little film, shot in what looks like blown-up 8-millimetre which stutters from atrocity to atrocity like a demon grandmother with blood on her hands. Joseph Olita plays Amin with the appropriate repertoire of self-congratulatory chuckles. Dennis Hills plays himself, and the film plays with itself. Take huge pains to avoid.

Neil Young fans may wish to flock to *Rust Never Sleeps*, wherein the characterful *chanteur* climbs down from the top of a giant packing-case in poor light to render unto us a rock concert. It was recorded two years ago at San Francisco, and it exclusively features Mr Young. (Unless you include the scene-shifters, dressed for reasons opaque as Inquisition monks). During 110 minutes, Mr Young sings all his and your favourite numbers. Fans will no doubt tolerate the simple camerawork (director, Bernard Shakey)

★

More appetising is the short season of films by Raul Ruiz at the National Film Theatre. A teaser, a Byzantine, a logic-chopper, this Chilean director applies playfully surreal methods to that customary dominion of austere realism and documentary, the political film. *Great Events and Ordinary People*, *The Suspended Vocation* and *The Hypothesis of the Stolen Painting* are among the films to look out for. Take an alert brain and a keenly polished pair of eyes.

A fellow Latin American film-maker, Glauber Rocha, died this week, aged 43. Like Ruiz, this Brazilian director made films that pushed bravely against the tide of lumpen-propagandism and bleak neo-realism that characterised the "Cinema Novo" movement of the 1960s. *Antonio Das Mortes* was a formally fantastical and peacock-hued movie that gave Brazilian cinema a new language — culled from hieratic dance and folklore pageant — and the best of Rocha's other work (*La Terra Tremse, Black God White Devil*) had an expressive and kinetic vitality that far out-soared its agitprop "programme."

Sean Connery as a space lawman in "Outland" and Anthony Quinn as a patriotic Bedouin in "Lion of the Desert"

The James Mason story—live

James Mason is to give a *Guardian Lecture* at the National Film Theatre on Saturday, September 5 (a centrepiece for a season of his films running throughout the month.

It covers all aspects of his long career — which started with *Late Extra* in 1935, followed by his "man you love to hate" image in 1940s tear-jerkers such as *The Seventh Veil*, *They Were Sisters* and *The Wicked Lady* and his progress to become one of the cinema's great character actors.

The season coincides with the publication on September 7 of Mason's autobiography, *Before I Forget* (Hamish Hamilton).

Leonard Burt

Alibe Parsons, Ronnie Letham, Kevin McNally and Anna Nygh

Hampstead Theatre

Loose Ends by MICHAEL COVENEY

Very few dramatists on either side of the Atlantic train as painfully an objective eye on their own generation as does the American Mike Weller. Of him it can truthfully be said that he writes out of experience but never with indulgence. This gives his work its characteristic lightness, texture and accuracy. *Loose Ends* completes a devastating trilogy of plays — the others are *Cancer* and *Fishing* — that could be bottled to explain to anyone around in two hundred years time what it was to be young and alive in the 1960s and to be less young and alive in a different way in the 1970s.

The process of adjusting uncomfortably but pragmatically to paternal instincts, career impulses and materialism is beautifully charted in the new piece. It begins on Bali in 1970 where Paul, in between the Peace Corps and a teaching job in Philadelphia, is discovered naked on a beach with Susan. She is travelling with Janice, but stays put with Paul while her friend moves on to a higher plane in India. Janice is stupid. Paul and Susan try to give themselves, and the real world, a chance.

As each of the eight scenes bursts open (to the appropriately middle class rock music of Randy Newman) we are told, through details of costume and conversational inflection, how Paul and Susan have moved on in their respective worlds of film editing and photography. Snap shots of what they are gaining and what they leave behind. After Bali, for instance, Paul is seen building a house with Doug (Vincent Marzello), a bearded weirdo with a significant pump in his hand. Paul's brother Ben (a superb, wheedling performance by Neil Johnstone) epitomises the terror of success and the suburbs. Doug's wife Maraya (Julianne Mason) blows her mind quietly while breeding.

Late on, Doug still with his beard but now in a three-piece suit, is on his way to see the President of the Bank. Paul, too, gets dressed for international business (joints top pocket, moustache, no watch) and Susan is pregnant. Paul is acquiring stability and *objets* for the child he wants. Susan aborts without telling him. A birthday party is destroyed by Paul's cruel speech and sick, very expensive present of a death totem from the Ming Dynasty. The marriage ends in divorce.

There are delightful incidental cameos from Ronnie Letham as Susan's camp editor and Ron Cook as Janice's humourless, respectable latest man. Bali is a long way off and the end of the decade in sight. The writing is so tight and efficient that the dramatic development is constantly referred back to old times. The effect is to underline the dreams that have gone sour, a fatal loss of energy.

Paul and Susan communicate for much of the play through a mutual friend Salina (Alibe Parsons). Much of their contact is wasted on whether they should be living in New York or Boston. In one marvellous scene, Paul builds equivocally to a raging admission of jealousy (she was out when he rang) only to find Susan aching for him on the doorstep.

Much of the play's nuance is, alas, lost in Les Water's production which is weak in the female casting department. The design, too, by Peter Hartwell, never knits the contrasting statements of white panels and brown floorboards. But Kevin McNally is tremendous as Paul, never missing a trick and especially good at conveying a sense of being trapped first by circumstances and secondly by his own shortcomings. This is one of the very best new plays in London.

Batignano Festival

Pollock's Mozart by WILLIAM WEAVER

Since its modest beginnings in 1974, Adam Pollock's small-scale festival, known as "Musica nel chiostro," has acquired a recognised and welcome place in Italy's growing calendar of summer musical events; and Pollock — though his cloister in Batignano is hardly on the beaten track—has also attracted a sizeable and loyal audience. For the first performance of the festival's production of Mozart's *Zaide*, there was not only a capacity crowd but an impressive array of critics as well.

Some of the excitement was generated by the presence of Italo Calvino, the distinguished Italian writer, as Mozart's posthumous collaborator. After writing 15 numbers of the opera (presumably about two thirds of its music), Mozart abandoned *Zaide* in about 1780. The libretto was then lost, and so all we know about the five characters of the piece is what we learn from their surviving arias, mélodrames, and ensembles. The music is splendid, and the ambiguity surrounding the figures in the drama exercises a mysterious appeal. Calvino, master of ambiguous and multiple situations, was obviously seduced by Pollock's suggestion that he write a libretto into which the 15 pieces could be fitted.

Actually Calvino has written a story, which is narrated by a speaker, pausing from time to time to allow the music to take over. But the story, too, is ambiguous. Calvino examines it, like an object, from every angle, and offers various possible interpretations, alternate endings, different views of the single characters. The result is a wise and witty commentary also on 18th century librettos and on their fascination with the exotic East.

Batignano has a special, joyous atmosphere always. It must be great fun to work there. And the artists do work. Pollock gets them to the great house weeks ahead of the opening, so the producer Graham Vick and the conductor Jane Glover have time to shape a coherent, fluent performance, with the visible and ideal mixture of high seriousness and high spirits. This year's orchestra was increased to 24 (including tympani for the first time), under Glover's knowledgeable direction, the playing was as smooth as ever.

Helen Walker was a sweet, but deftly-characterized Zaide; and her voice, lyrical and expressive, worked equally well in the matchless "Ruhe sanft" of Act One and in the heroic, aggressive "Tiger" aria of the second act. Though he does not have the ideal physique for a tenor hero, Adrian Thompson also sang with sweetness and conviction, as the enslaved and enamoured Gomatz. John Rath, in the more murky role of Alazim, was the real discovery of the evening. Lithe, at times almost feline, he moved with admirable grace, and sang with equal style, exploiting the many possibilities of his warm, flexible baritone. Neil Jenkins was an impressive Soliman, the noble but irate sultan; and in the small role of Osmin, John Michael Flanagan did a good job. The actor Giorgio Crisafi spoke Calvino's text, and here perhaps the producer might have exercised a more controlling hand. Crisafi has an attractive speaking voice, but his approach to the text seemed to fluctuate between the ironic detachment of a reader (the happier attitude) and attempts to enact, to interpret the words, introducing stagey pauses and repetitions that were occasionally distracting. But this was a minor flaw in a generally delightful, inspired evening.

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Friday August 28 1981

Mitterrand's alternative

FRANCE IS taking on orthodoxy with its campaign to lower unemployment and to safeguard its position as a leading industrial power. Nobody can deny that the clutch of forthcoming measures announced this week by President Francois Mitterrand is bold. It may also prove foolhardy.

The keystone of the economic programme is reflation, to be achieved by deficit spending. M Laurent Fabius, the Budget Minister, has stated that the budget deficit in 1982 will be FFr 95bn (about £8.6bn) as against FFr 70bn this year. It will be rising from about 2 per cent of GNP to 2.6 per cent—admittedly not disastrously high figures.

Case study

Others, such as the Swedes, have tried deficit spending in the world climate of today and have run into trouble. M Mitterrand and his Minister of Economics, M Jacques Delors, are therefore going against world trends, both in the sense that similar experiments elsewhere have come to grief, and that some of their main competitors and trading partners are moving in the opposite direction.

The French experiment, therefore, will provide an interesting case study for the many advocates of an alternative economic strategy in Britain and a number of other countries whose governments reject the beliefs underlying the Mitterrand approach. With unemployment creeping up towards 2m in France and a serious worry in many other industrialised countries, the case for trying something new is at least arguable. But unhappily the omens for success are none too good in France.

The last dash for growth in France, attempted in 1975, had to be called off in the following year because of rising inflationary pressures. M Mitterrand and M Delors are running the risk of that being repeated. As it is, they are launching their programme at a time when France is visibly losing competitive strength in world markets. Given that exports and imports account for 17 and 18 per cent respectively of French GDP, this is no minor matter.

In recent years the unit labour costs of French industry have been rising at a faster rate than those of West Germany, France's close trading partner, competitor, and fellow member of the European Monetary System. The German inflation rate has been consistently lower than the French.

French industry has increasingly felt the impact. The latest victim is the motor industry, until last year a star performer. But in 1981 import penetration of the French automotive market has risen to 27 per cent from 22 per cent a year ago.

These trends were established before the change of regime in Paris. The danger is that a reflation programme to create jobs at almost any cost will worsen them. If so, the exchange rate will come under pressure. The expected improvement in the West German current account will almost certainly encourage Paris to press for a revaluation of the D-Mark in order to avoid having to devalue the franc. That could bring some relief to French industry, given that 16 per cent of French exports go to West Germany and 13 per cent of German exports go to France.

Exchange rates apart, business confidence in France is at its nadir, in spite of M Mitterrand's popularity in the country. The nationalisation programme, though its stringency is not yet quite clear, has demoralised entrepreneurs. Costs may be driven up by the intended reduction of the working week and by increases of the legal minimum wage. The prospects of higher indirect taxes and of a wealth tax must also dampen private sector investment intentions.

State aid

Moreover, there is no certainty so far about the precise nature of the help which the Government wants to extend to promising industries. The electronic industry has been chosen as a potential beneficiary, but details are nebulous.

M Mitterrand's team knows that it faces a long haul: Ministers have spoken of 12-18 months for the reflation programme to work. It wants to launch a campaign to win the confidence of businessmen. There is at least an inclination to leave nationalised industries sufficient autonomy to avoid overmanning merely to give employment. Whether that will be enough to make the as yet undefined aids to industry work remains to be seen. You can take a horse to water but you can't make him drink.

The Contempt Act codified distrust

THE CONTEMPT of Court Act, which becomes law today—Lord Halisham's "ewe lamb", as he himself has called it—has received a distinctly chilly welcome from the media and their legal advisers. It was intended, he has claimed, as a clarifying and liberalising measure, and it aims, according to the preamble to the original Bill, to give effect to the 1974 Phillimore eRport, with minor modifications, and to bring British law into line with the European Convention on Human Rights. According to much expert opinion, it does not go far to meet any of these aims.

This niggardly reaction may in some ways be less than fair, but it is not surprising. For example, one measure of liberalisation is that the strict liability which restrains the conduct of outsiders during judicial proceedings is now limited to publications. This may protect private correspondents and conversationalists from being caught in the shrapnel of what sometimes appears to be trench warfare between the authorities and the Press. However, this risk was never very real and the "concession" is by definition of no help to the media.

Gagging writs

There is a more substantial change in civil cases, where a case becomes "active" not on the service of a writ, but when a case is set down for trial. This is intended to put a stop to what have become known as "gagging writs," calculated to smother discussion. Unfortunately, it is not always easy for a layman to discover in a hurry whether a case has been set down for trial.

Again, the Act restricts proceedings, which in many cases must be authorised by the Attorney General, to cases where there is a "substantial" danger of a "serious" threat to fair legal proceedings. This may embolden a few previously timid souls, but seems to make little substantive difference to the law as it stood. As the Lord Chancellor has said in debate, the interpretation of such words is as obscure as the medieval debate on how many angels could dance on the head of a pin. It may be hoped that the courts will interpret the new Act in the liberalising spirit claimed by the Lord Chancellor; but they are in no way bound to do so, and no-one will be eager to find out through a test case. The complaint of the European Court of Human Rights that the British media are gagged by uncertainty over the effect of the law seems likely to remain a valid one.

This is a sad state of affairs but it is not clear how far any Act could put it right. Some features of the Act seem to show a continuing distrust of the media (or is it distaste?). One example is the fact that completely unintentional breaches are treated as being as culpable as a calculated affront. The contemnor can plead no equivalent to manslaughter. Just as telling is the Government's refusal to accept the recommendation of the Phillimore Report—echoed by Lord Salman in debate—that appeal judges need no protection from the media. This is the thinking of Whitehall, not Strasbourg.

Equally, however, the distrust is not one-sided. It must be conceded that some of the criticisms of the Act by the media and their advisers seem a little far-fetched, and to belong to a world of persecution rather than prosecution.

A wholly trusting and loving relationship between the authorities and the media is neither likely nor desirable—it is the duty of the investigative reporter to plant tintacks on the seats of the mighty. But the Government and the legal system could improve the present situation by giving more practical expression to the robust sentiments expressed in Lord Hailsham's speeches.

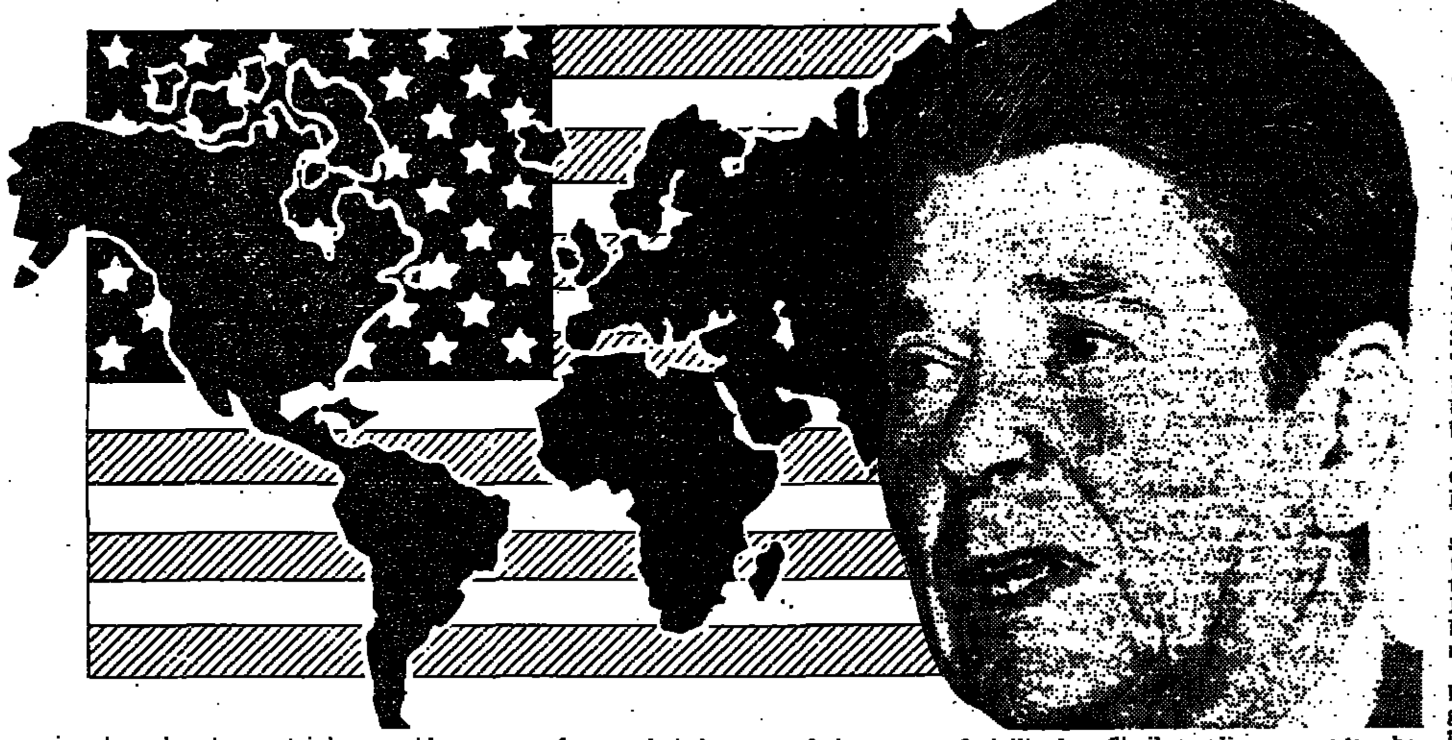
Small gesture

The Lord Chancellor could make a small but telling gesture by publishing a working list of the judicial bodies which are to be treated as Courts under the Act. The courts will do much to determine the future mood through the spirit in which they tackle the first cases brought under the new Act. The Government could do most by blowing the dust not just off the Phillimore Report, but of the Franks report on libel and the Younger report on privacy. If the Government is really bent on making freer rules for public discussion, it will not find the serious media slow to respond.

REAGAN'S FOREIGN POLICY

The anti-Soviet litmus test

By Reginald Dale, U.S. Editor, in Washington



ACCORDING TO a Washington radio station, "country music, motherhood, apple pie and the flag" are the four things that Americans regard as most important. One could argue about the first three (it was after all a country music station that said it), but there can be little doubt about the flag.

Nor can there be any doubt of President Reagan's determination to show it around the world. It may have been coincidence that the President, wearing a glorified baseball cap, took command of an aircraft carrier off the California coast last week, on the day after U.S. navy fighters shot down two Libyan jets over the Bay of Sirte. It was also undoubtedly a coincidence that he watched from the bridge an acrobatic performance by the very same type of aircraft—the F-14 Tomcat—that downed the Libyans.

But it was, nevertheless, seen as oddly appropriate by many Americans, cock-a-hoop at a successful demonstration of American military muscle after years of what has often seemed like bungling and confusion. Time Magazine even reported the incident as if it were a football match—U.S. 2-Libya 0, it triumphantly proclaimed on this week's cover.

Mr Reagan clearly believes that he has a mandate from the American people to throw the country's weight around, and it would be hard to quarrel with him. One of the reasons for his landslide victory in last November's election was a widespread national unease at what was seen as a decline in America's power around the world in favour of the Soviet Union and its allies—or "surrogates," as they are now frequently called in Washington.

The trauma caused by the fiasco of President Carter's aborted mission to rescue the hostages in Iran goes some way to explaining the euphoria felt when U.S. fighters show they are still capable of winning Mediterranean dogfights—albeit against less than mighty opposition.

Whether the Reagan Administration was deliberately trying to provoke the Libyan incident is still not clear. But Mr Reagan personally authorised the naval exercise that led to the incident, in the full knowledge that an exchange of fire was possible. And he personally approved the "rules of engagement" for U.S. pilots who might come under attack, according to Mr Alexander Haig, the Secretary of State.

Mr Reagan sees the world in fairly simple, homespun terms. "The other fellows" was how he described the Libyan pilots last week. There is no doubt in his mind that anyone who gets in America's way is in the wrong.

Since Mr Reagan came to power there has been a radical reversal of what Republicans see as the "wet" foreign policy of President Carter on almost every world issue. In pride of place is the new determination to take on the Soviet Union at every possible level of confrontation, whether that means building a neutron warhead or dispatching a handful of American advisers to the Government of Honduras. Mr Reagan is convinced, almost certainly rightly, that most Americans want the country to regain its role of No. 1 "super-power" and he is setting out to do just that.

Mr Reagan has launched the biggest U.S. defence build-up in peace time history, despite the threat it poses to economic goals such as balancing the budget by 1984. He now admits he may have to find "savings" on the defence side, but he is not going to be diverted from his overall objective. Colonel Gadaffi is a particularly appropriate target for the Reagan Administration, believing as it does that one of the greatest threats to the world is Soviet-inspired international terrorism. But the same theory is being applied in many other parts of the world.

The Reagan team has, from the outset, made clear its scorn for President Carter's policies on human rights. The test of American support for an ally is now its dedication to the struggle against Communism rather than its support of democratic principles. The tables have been turned on Carter-style human rights advocates: international terrorism is the ultimate deprivation of human rights, Mr Haig has said.

This approach has led the Administration into supporting regimes, such as those of Chile and Argentina in Latin America, of which its predecessor was highly dubious. It has stepped up support for right-wing Governments in El Salvador, Guatemala and Honduras because of what it sees as a Soviet-Cuban plan to get at the soft under-belly of the U.S. by destabilising Central America.

Pakistan is to get $2bn worth of American arms, regardless of its views about democracy, because it is next door to Soviet-occupied Afghanistan and could be an anti-Communist bastion. (It is also, of course, next door to India). China's classification as a potential buyer of U.S. arms has been changed to allow it to ask for a wider range of more lethal weapons — because of its solid anti-Sovietism. Poor little democratic Costa Rica has got into trouble with the fire-eating ambassador to the United Nations, Mrs Jeane Kirkpatrick, for failing to have an army, or even a proper police force.

International aid for Grenada's new airport has been opposed for fear that it might be used as a stop-over for Cuban military aircraft. There is little concern that South Africa appears to be emerging as a close friend.

Colonel Gadaffi (right) is a particularly appropriate target for the Reagan Administration, believing as it does that one of the greatest threats to the world is Soviet-inspired international terrorism.

Washington duly condemned the South African incursion into Angola earlier this week and says it wants a peaceful solution to the Namibia problem. But America's allies feel it is dragging its heels on Namibia. Relations between the Reagan Administration and Pretoria are closer than under any U.S. President for many years. The South African's easily pass the anti-Communist litmus test and are seen in Washington as a vital outpost of the Western world. Some Right-wing Republicans in Washington even believe that South Africa should join Nato.

A philosophically dubious distinction has been made between totalitarian States (Communists), which are bad, and authoritarian States (Right-wing U.S. allies) which are, if not good, at least excused from some of the norms of civilised behaviour in their struggle against the Red peril.

Mr Reagan is even flying in the face of America's traditional, virtually automatic support for Israel by seeking to arm Saudi Arabia with a sophisticated aircraft package of early warning Awacs and F-15 fighters, on the grounds that the country is a lynchpin of anti-Communism.

Nearer home, support for a Caribbean "Marshall plan" to

promote the economic development of the Caribbean basin looks as if it is based more on strategic than humanitarian considerations. The official view, after all, is that poor countries should seek their salvation through private enterprise rather than aid.

The same thinking influences Reaganite attitudes towards the whole question of the North-South dialogue between industrialised and developing countries, which may or may not be relaunched at a summit meeting of world leaders in Cancun, Mexico, in October. The need for Third World development is seen in today's Washington as an element in the containment of Communism around the globe rather than as something worthwhile in its own right—a point on which most Europeans, and particularly the new French Socialist Government of President Francois Mitterrand, would strongly disagree.

Similar disagreements between Europeans and Americans erupted at last month's Ottawa summit on East-West trade, which Mr Reagan sees as another potential weapon in the struggle with international Communism.

For their part, the Americans feel some exasperation that there is apparently no way of satisfying the Europeans, whatever Washington does. Under the Carter Administration, American officials point out, the West Europeans were begging for strong American leadership—and a stronger dollar. Now that they have got both, they are complaining bitterly.

There is a good deal of truth in this charge. Europeans want, or say they want, decisive U.S. leadership—and Mr Reagan's approach is certainly decisive, as the downing of the Libyan jets showed. Whatever the rights and wrongs of the affair, one cannot imagine it happening under President Carter. The problem is that the Europeans also want their views and sensibilities to be taken into account and President Reagan is showing little sign of doing so—or even clearly understanding what these sensibilities are.

That, of course, would be nothing new. What worries many Europeans is that they are not clear who is actually taking the decisions that affect them. Mr Haig is widely seen as the only member of the Reagan Cabinet with sufficient experience of Europe, and sufficient authority, to put the European viewpoint before decisions are taken on issues such as the neutron weapon.

But in that particular case, Mr Haig lost out to Mr Caspar Weinberger, the Defence Secretary, who argued that Western Europe should not have a veto over U.S. arms policy decisions. Mr Haig insists that he and Mr Weinberger see eye to eye on America's broad strategic objectives. But there is no doubt that the two men often differ sharply on how those objectives are to be achieved, and the former Comander-in-Chief of Nato in Western Europe (Mr Haig) turns out to be the "dove."

If there has been a complaint in the State Department about the Europeans it is that they are refusing to recognise the Reagan Administration's genuine commitment to negotiate with the Soviet Union—albeit from a new position of strength.

Mr Haig has gone out of his way to stress that communications with Moscow have been maintained. There have been over 50 contacts—and a dozen written messages—with the Soviet leadership in the last six months, he said this week. U.S.-Soviet negotiations on "theatre" nuclear weapons in Europe are to start in November, after an initial meeting between Mr Haig and Mr Andrei Gromyko, his Soviet counterpart, at the United Nations next month.

But however much Mr Haig stresses American willingness to negotiate, and he does so two or three times a week, the Europeans never seem to be listening and the U.S. is beginning to resent their deafness.

But it is not clear, either, how far President Reagan is genuinely involved in some of these decisions. He likes to be given a simplified explanation of the issues, with the aid of his now famous briefing books, prepared by his own White House staff.

This gives enormous power to the staff. It was Mr Edwin Meese, the White House Counsellor and Chief Policy Adviser, who decided when the President should be told about the Libyan dogfight—not Mr Haig or Mr Weinberger. Mr Meese is said to be known to his staff as "President Meese" and to be adept at playing off the Secretaries of State and Defence against each other.

Many Democratic critics, including Mr Cyrus Vance, the former State Secretary, say that the Reagan Administration has no foreign policy. That is not quite right. The main lines of its foreign policy are quite clear—it is tough, uncompromising, clear-cut and anti-Communist.

What is more debatable is whether it has been fully thought through. In a powerful critique of the policy this week, Mr Frank Church, the respected former Democratic chairman of the Senate Foreign Relations Committee, argued that the Reagan Administration's view of the Soviet Union "fails to distinguish between the Russian leaders' more fanciful aspirations and their actual capabilities." He pointed out the inconsistencies in maintaining, as Mr Reagan and Mr Haig do, that Communism is beginning to fall apart and arguing that enormous new resources must be devoted to combatting it.

Vietnam, according to this school of thought, showed that U.S. public opinion would not put up for ever with a foreign policy that disregarded basic American values of decency, honesty and respect for human rights. For the moment, Mr Reagan has managed to carry public opinion with his image of the decent guy, even if he is a right-wing hawk. He is also a lucky and popular President. But he cannot be sure that he will never be called to account for some of the seeds he may today be sowing on a whirlwind.

MEN AND MATTERS

In the queue at Phillips and Drew

Phillips and Drew, one of the City's top stockbroking firms, is finalising its plans for a significant move into unlisted securities market work. The brokers' activities to date in the fledgling USM have been limited to acting as adviser in a single case.

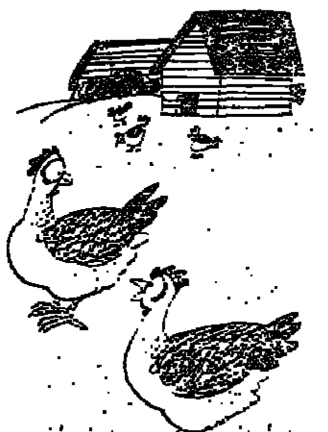
All this should soon change, according to Alistair Alcock, one of the four men at P and D responsible for new company business. The exact timing of the brokers' debut USM issue is, he stresses, difficult to predict, but two or three companies may be launched before Christmas and negotiations with another handful are under way.

According to Alcock, the companies considering the move are "quite a hotchpotch." Two companies are in the oil business, one of which is now traded under Rule 162. In addition, there is one traditional manufacturer, a supplier to agricultural products manufacturers, and several service companies.

The brokers say they have been keen on playing a part in the USM market since its inception, but in a number of cases have told potential clients to put another year's trading under their belts.

P and D have been actively seeking companies to bring to the market for some time. They have issued a pamphlet explaining how the USM works and what it costs to launch an issue, and have held two seminars on the subject.

The brokers have had to compete for business alongside houses specialising in the USM field, but say they have been helped by being a well-established name in the financial markets and having a good network of contacts among accountants and other financial advisers, who spend their time talking to companies of all sizes.



"If you've got to go I suppose chicken supreme is preferable to fowl pest"

Store wars

Harrods to bid for Harrods? No, sorry, try again. *Harrod's* to bid for Harrods. Harrod's (USA) Inc., to be precise, one of the lesser-known bearers of the Harrod name, has come out with the year's cheekiest piece of self-publicity, to the effect that it "has made overtures . . to acquire the landmark Harrods in the Knightsbridge section of London."

Harrods (no relation) in the Knightsbridge section of London is not amused, and not least because it has been investigating for some time the possibility of legal action against its near-namesake, a small Miami direct mail marketing company, to prevent the American firm from using so similar a name. Moreover, Harrod's (USA) president Robert Heller is unlikely to win many hearts with his plans for "a bargain basement operation, installation of a roof-top disco, and revamping the image of the London institution into that of a modern 'up-beat' discount operation."

Even Professor Roland Smith would, I think, blench at making the venerable assets swear quite that much. So who is this feller Heller?

Well, the peppery-voiced American operates his business through a P.O. box in Miami and plans, he says, to take it public in the first half of next year. Until then, he feels it would be premature to disclose financial information relating to its size. Besides, he points out, that could make things all too easy for the House of Fraser when it came to bargaining a price for its Harrods subsidiary—"if those guys think you've got another ten dollars in your pocket, they're going to ask for it."

It was the row over Heller's use of the Harrod's name which set him upon his David-and-Goliath course. When the House of Fraser "put on us some lawyer writing those pansy letters," he decided to "call their bluff."

Fair enough. But how, I wondered, did Heller's company acquire its name? Were there perhaps some distant Harrod cousins back in the corporate family tree? Well, no. The company does, after all, deal in quality goods—"we don't have much of this stuff made in Taiwan, nobody would call it junk," and Harrod's "sounded quite snobby."

And a long-established concern? "Just started up last year and we're growing by leaps and bounds."

Over in Knightsbridge, Harrods is taking talk of a bid rather coolly. Yes, they have had a letter. No, it would be wrong to assume that they were exactly quaking in their shoes, at least for the moment.

Jaws

The United States is making heroes out of the air force pilots who shot down a pair of Libyan jets in the Mediterranean last week—following which, they will be eaten by an appreciative public.

"Heroes" are, to clarify things a little, jumbo-sized sandwiches filled with delicatessen goodies and much loved as a snack food in the U.S. And to celebrate the shoot-out, a company called Stewart Sandwich has launched a hero called the "Sidewinder"—the missile used by the Americans in the battle.

My resident Washington gourmand reports that, for a modest 99 cents, the Stewart Sindwinder delivers in its missile-shaped bun a payload of sausage laced with spicy taco sauce. And had the Americans lost the engagement, I wonder whether Stewart would instead have produced a memorial sandwich filled with chicken?

Whip hand

Drive slowly in Liberia. And don't overtake anybody in uniform. Just a bit of friendly advice to help you avoid the misfortune suffered by Edward Wonkeryor, manager of the Government radio station, who while driving to Monrovia airport on Tuesday was careless enough to overtake Colonel Harrison Pennue, a former deputy commanding general of the Liberian army. Pennue, who claims personally to have shot former President William Tolbert in last year's coup, was in an uncompromising mood. He had Wonkeryor stopped, dragged out of his car, and given 25 lashes. The hapless driver was rushed into intensive care, and is still in hospital. Pennue has been gaoled indefinitely. But—go gently, now, won't you.

Twin aims

A Polish soldier completing his military training was undergoing an oral examination. "What action would you take," asked his officer, "if Poland were to be invaded simultaneously by East Germany and the Soviet Union?" "I would fire first towards the Germans," replied the soldier. "And what is your reason?" "I always put business before pleasure, sir."

Observer

Michael Donne, Aerospace Correspondent, on why Rolls-Royce is talking with Pratt and Whitney

Easing stress in aero-engine industry

THE NEWS that Pratt and Whitney of the U.S. and Rolls-Royce of the UK are discussing *possible collaboration* to develop an engine for the projected market for 150-seater airliners is potentially one of the biggest single developments in the world aero-engine industry for many years—although it is stressed the talks are still tentative and exploratory.

The 150-seater airliner is widely regarded as the next major development in civil aviation—and possibly the last major development this century. Broadly, it covers a twin-engined airliner, seating anything bewteen about 130 and 170 passengers, for short-to-medium distances, to enter service around 1987-88. It would use two engines of very advanced technology, giving 40 per cent or more improvements in fuel consumption over engines in existing short-range airliners. The airframes would also use much new technology in the shape of composite materials and new wing design to improve performance.

The market for such an aircraft has been estimated at between 1,200 to 2,000 over the next 20 years. At a prospective price of around $25m per aircraft. It is estimated to be worth upwards of $50bn.

Competition for the aircraft is likely to be fiercer than ever seen before in commercial aircraft manufacturing.

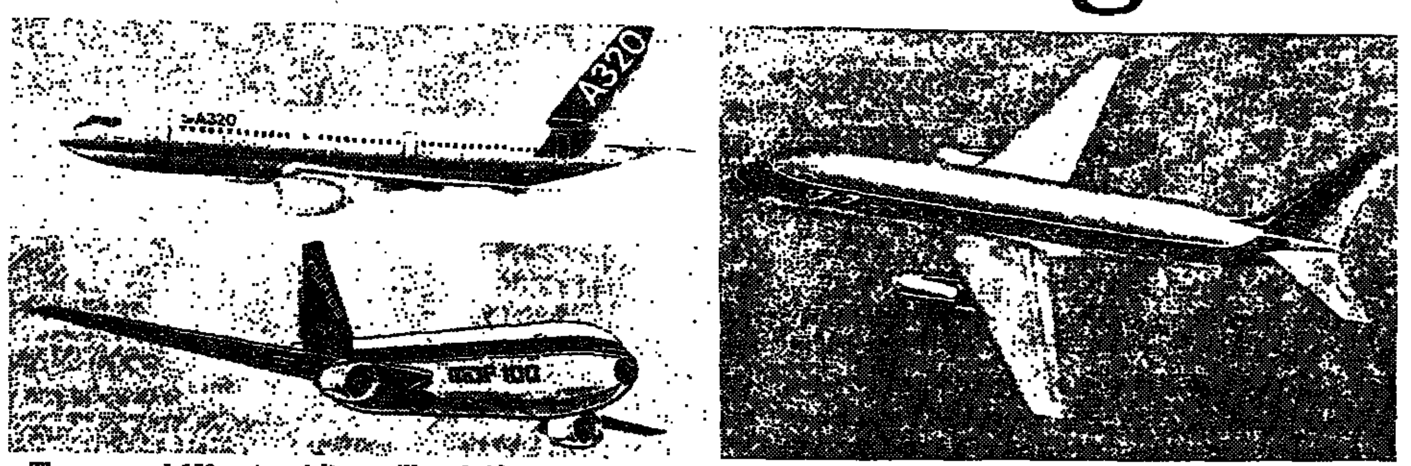
On the airframe side, Airbus Industrie, the European consortium in which British Aerospace has a 20 per cent stake, is pushing ahead rapidly with its plans to develop the A-320 twin-engined aircraft. This has already been given French Government support, and has won a provisional order (a contract has not yet been formally signed) from Air France for 25 aircraft firmly and another 25 on option.

Fokker of Holland has joined with McDonnell Douglas of the U.S. to work on the MDF-100, also a twin-engined design, and this group expects to complete its preliminary plans by the end of this year, by which time it will have a firm design to offer the airlines with details of manufacturing and cost sharing.

In the U.S., Boeing has been watching carefully, and with much less publicity has been working on its own rival twin-engined "7 Dash 7" design, but at the same time exploring an interim design with the airlines, for a 150-seater type which would be a re-engined Boeing 727, using two engines instead of three as at present used in that aircraft.

All three — Airbus, Fokker/McDonnell Douglas, and Boeing have been wooing the Japanese in an almost frantic bid to win collaboration and share costs. The Japanese have money to spend on aerospace development, and they are anxious to spend it on advanced technology products which will buy some promise of substantial cash returns, and a place in the future world commercial aerospace scene.

As with airframes, sos with engines. So far, there are three major contenders with engines for the new 150-seater. The engines will be needed by about 1986 which is why work is being pushed ahead now. Rolls-Royce is already working with Japanese aero-engine companies (Ishikawajima-Harima Heavy Industries, Kawasaki Heavy Industries, and Mitsubishi Heavy Industries) on the RJ-500 engine of about 25,000 lb-27,000 lb thrust, through a 50-50 joint company, Rolls-Royce Japanese Aero-Engines.



The proposed 150-seater airliner will probably be the next major civil aviation development and the last this century. The rivals: top left, the Airbus Industrie A-320; bottom left, the McDonnell Douglas—Fokker MDF 100; right, the Boeing 7 Dash 7.

In the U.S., the biggest competitor is Pratt and Whitney, with its new PW-2000 series of advanced technology engines. Already, Pratt and Whitney is developing the new PW-2037 of 37,000-lb thrust which will power the new Boeing 757 short-to-medium range airliner, now under development at Seattle.

The PW-2037 embodies a vast amount of new technology. Pratt and Whitney has claimed it will be superior to the rival Rolls-Royce Dash 525 version of the RB-211, which is also now under development for the Boeing 757.

It is from the work on the PW-2037 that Pratt and Whitney expects to draw much of the technology for the proposed PW-2025, which would be its entry into the 150-seater airliner market.

Although work has began on this engine, Pratt and Whitney is rather behind the Rolls-Royce RJ-500, having concentrated on the PW 2037. But they do not intend to be left out of the market.

The other major contender so far is the CFM-56-2000, an engine emerging from CFM International, a joint company set up by Snecma of France and General Electric of the U.S. The CFM-56 was developed primarily for such aircraft as the DC-8 (where it is being used to re-engine those aircraft, giving them a new lease of life), the KC-135 tanker-transports for the U.S. Air Force, and for the new Boeing 737-300 airliner. The Series 2000 version of the CFM-56 would also have a thrust of around 25,000 lbs. but like the Pratt and Whitney PW-2025 it is well behind the RJ-500 in time, although it is not being underrated by any of the airframe manufacturers.

General Electric is not directly in the market with an engine of its own for the 150-seater. It withdrew from the fight for the Boeing 757 market some time ago, dropping its CF6-32 engine programme, preferring to concentrate more on the higher thrust CF6-50 series and the new CF6-80 for the bigger Boeing 767, and the Airbus A-300 and A-310 aircraft.

The extent of the competition explains why Pratt and Whitney and Rolls-Royce have got together. Mr Robert Carlson, president of Pratt and Whitney, said at the Paris International Air Show in June, that for three airframe manufacturers and three engine builders to fight it out together was to "court disaster," and invite bankruptcy.

All six groups or organisations would collectively have to spend more than $8bn alone for research and development costs for new-generation 150-seaters and engines, and perhaps the same amount again on production before cash began to roll in from sales.

"Pratt and Whitney alone is spending more than a million dollars a day on research and development work, an effort which has produced the new PW-2000 series at a total development cost to date of more than $1bn," he said.

Airbus, Boeing and Fokker-McDonnell Douglas would each have to spend $1bn in their efforts to produce the right airframe design. Even if there were only two engine makers —Rolls-Royce and Pratt and Whitney — there would be engine development costs of $1bn to $2bn.

"I can only refer to such suggestions as industrial self-immolation," said Mr Carlson, adding that he believed the same self-destructive drive was taking place among the airframe builders. "A total aerospace investment of between $4bn and $6bn—someone's kidding someone—that's industry suicide!"

For some months, Mr Carlson has been known to be quietly interested in getting together again with Rolls-Royce, as they were some years ago when the two companies jointly worked on an engine that was intended for the then-forthcoming new generation of airliners, the Boeing 757.

It was Rolls-Royce, under Sir Kenneth Keith's chairmanship, who pulled out of the partnership. They pushed ahead alone with the Dash 535 version of the RB-211 for the Boeing 757—a move that at least won for the company the position of launch customer with that engine/airframe combination in the Boeing 757s for Eastern Airlines and British Airways.

But Pratt and Whitney were not deterred. They pushed ahead with what was then known as the JT-10D, which eventually became the current PW-2037, which Pratt and Whitney now believes will snatch from Rolls-Royce much of the market for engines in the Boeing 757. It has already won big orders from Delta, American and others for that engine/airframe combination.

Clearly the lessons of collaboration have not been lost on Pratt and Whitney, and Mr Carlson earlier this year made a quiet approach to Lord McFadzean, chairman of Rolls-Royce. Today the discussions have reached the point where both companies can see that there is much merit in working together on a joint engine programme for the 150-seater market.

The problems that lie in the way of any ultimate collaboration, however, are formidable. First, there has to be an agreement on what parts of the new technologies embodied in the RJ-500 and the PW-2025 should be brought together and which discarded. Since Rolls-Royce is already on the verge of running a demonstrator, it is clearly not anxious to throw away much of what it has already done.

Second, there has to be a detailed work-sharing and cost-sharing arrangement, so that each gets the maximum return from the total investment of over £500m and know-how it contributes.

Third, there have to be discussions with existing partners —the Japanese must be consulted by Rolls-Royce, and Pratt & Whitney must consult its own partners, Motoren-und Turbinen Union of West Germany and Fiat Aviazione of Italy. The Japanese already have 50 per cent of the RJ-500, and are believed to be willing to see additional partners in the programme.

Fourth, there would have to be governmental agreements, even though the matter is a commercial one with no military significance. In the U.S., the anti-trust laws might impede any such agreement, although they do not appear to have done so hitherto with Pratt & Whitney's involvement with the German and Italian engine companies, nor with Boeing which has up to 30 per cent of the work on its 767 aircraft coming from Aeritalia of Italy and from Japan.

In the UK, the Government would be involved as the sole shareholder of Rolls-Royce, and the subscriber of most of the cash that Rolls-Royce still needs to get on with full-scale development and production of the RJ-500, about £250m at least.

Given goodwill on both sides, these governmental problems might not be insuperable. Certainly, from the UK's point of view, a link with Pratt & Whitney would be beneficial in that it would help to secure the market, reduce competition and enhance the value of the investment.

Letters to the Editor

Incentives and senior managers

From Mr A. Hammond-Chambers

Sir,—It is depressing to read a commentary such as Richard Lambert's (Lombard, August 25) on the effect of high taxation on the motivation of top management. It is difficult for anyone who has ever worked for a successful organisation to accept the conclusions drawn from G. H. Fiegehen's study. It also defies common sense.

I would not wish to question the sincerity of the answers given to the questions posed. It is the conclusion that is drawn from the answers that is almost certainly wrong. The concept of beating a slave harder to make him work harder isn't very sensible in this day and age, especially when applied to a group of people with above average education and ability.

What the answers reflect is not that higher taxes will produce harder work (the mathematics of that do not even make sense) but that the standards, attitudes and ambitions of average British management are abysmally low. Almost certainly a large proportion of the people questioned work for poorly run, heavily bureaucratised companies; it reflects the fact of the development of the corporate state — both the public and private bureaucracies. The vast majority of British management today has a "9 to 5" attitude to the job and there is no great incentive, whether for job satisfaction, loyalty or financial reasons, to work after 5 o'clock. His job has become a sinecure.

One of the things that Mrs Thatcher may be said to have achieved is that the fear of losing their jobs may have persuaded some of British top and middle management to work not only harder, but also more effectively.

Alex Hammond-Chambers.
Grange Dell,
Penicuik, Midlothian

Export credit insurance

From Mr A. Berry

Sir,—Gerry Moggridge, head of information at the Export Credits Guarantee Department (August 24) trots out the same excuses which must already be familiar to many exporters, including Mr Neill (August 20) who are disappointed and disillusioned by ECGD's stance since the beginning of this year. Why, if the department's recent measures to recoup losses and curtail further risks are so fair and reasonable, does Mr Moggridge suppose so many exporters share the opposite opinion?

One might think that by loading the premiums of policyholders with the heaviest claims history the department is only acting in the same way that a car insurer would act but at least a car insurer allows its policyholder to drive to any part of the country without restriction, whether it be to accident-prone inner cities or the relatively risk-free roads of Cornwall.

ECGD, on the other hand, restricts its policyholders on an ever increasing basis from trading with numerous countries and then only on inflexible terms. So not only do many exporters find themselves paying exorbitant premiums, whether they deal with debt-free countries or debt-ridden countries, but they are also effectively prevented from trading with many others unless at their own risk.

At one time, ECGD graded each country according to financial and political risk, thus enabling exporters to pay premiums based upon an individual market classification. This fair and equitable system was abandoned to the astonishment of many and replaced by the present single rate premium upon which further injustices have since been heaped.

No wonder many exporters are losing business abroad when the one Government agency set up to promote and encourage and support British exporters gives them instead a "kick in the teeth".

A. C. Berry.
Sir William Burnett and Co (Chemicals),
Great West Road,
Isleworth, Middlesex.

Machines make light work

From the General Secretary, Association of Professional, Executive, Clerical and Computer Staff

Sir,—Keith Wharton (August 20) accuses Apex of using "emotive language" because of our concern at the impact on jobs arising out of the way that new technology is being introduced.

Some of Mr Wharton's criticisms might be justified if his interpretation of our position — that new technology is wrong per se—was in any way accurate. We are not against new technology, nor has it taken us "so long" to notice its arrival. Since the publication at the beginning of 1979 of our report on office technology Apex has been acknowledged as leading the trade union movement in developing policies on new technology.

We fully recognise the importance of new technology, but feel that unless it is used to help create new wealth, to increase production, and create new jobs, then it is being misused. Our latest publication on automation and the office worker detailed our policies for a responsible approach to new technology.

Mr Wharton's theme is that office automation is "changing" the nature of office jobs rather than endangering them. How then does he explain the main claim for new technology, namely that it reduces staff?

Roy A. Grantham.
Apex,
22, Worple Road, SW19.

South Africa and Namibia

From the Chief Representative for Western Europe, South West Africa People's Organisation.

Sir,—Dirk Mudge's insistence (August 19) that U.S. taxpayers should be prohibited from "financing terrorism" comes just one day after UN Secretary-General Kurt Waldheim's plea to the UN Disaster Relief Organisation to help more than 800.000 Angolans displaced in their own country—450,000 displaced as a result of attacks from South Africa.

The sanctimonious letter also comes days after the South African Government, which finances Dirk Mudge, announced a 40 per cent increase in its military expenditure. Both Namibia, today the country with the highest ratio of armed occupational forces to civilians in the world, and Angola are targets of South Africa's military operations. The film, "The Agony of Angola," shown on ITV on August 3 this year bears witness to the consequences of South Africa's aggression. The activities of the South African armed forces in Angola and Namibia can well be described as terrorism, emanating from the very same sources as the funds which keep Dirk Mudge at the head of South Africa's administration in Namibia, a regime which has been condemned both in Security Council resolutions and at international law as illegal.

Shapua Kaukungua.
188 North Gower Street, NW1.

Productivity studies

From the Economic Director, National Economic Development Office.

Sir,—In his otherwise excellent note on productivity (Lombard, August 24) Samuel Brittan expresses a doubt about recent NEDO work on this topic. There appears however to be a slight misinterpretation which we would like to correct.

Our short-run (approximately four year) equations were not constructed to explain productivity itself; for this we look to much longer term analysis. Our purpose was to see whether we could identify any statistical support for the otherwise only anecdotal evidence of a significant change in productivity recently, and to compare the position with previous recessions. If we knew more about the factors which produce sudden changes in productivity we could no doubt model the process directly. This is more difficult than it might appear. For example productivity rises with output but this relation itself changes when output falls rapidly. Our more limited result was to show that there is statistical support for recent anecdotal evidence, but that this may well not represent anything new. For this purpose our method is perfectly satisfactory statistically and the one most appropriate to the phenomenon we were investigating.

We did not comment, nor are in a position to comment, on whether things will eventually be different this time. Mr Brittan's guess is that they will be, and we very much hope he is right. Our results reveal only that at least until April 1981 no new pattern had emerged.

(Dr) D. J. Morris.
National Economic Development Office,
Millbank Tower,
Millbank, SW1.

UNESCO and the Press

From the Deputy Director, Office of Public Information, United Nations Educational, Scientific and Cultural Organisation

Sir,—I have no desire to begin a polemical exchange with the director of the International Press Institute not the least because his letter (August 13) makes no reference whatsoever to my clarifications (August 4) on your leader "Unesco and the Press". I am however constrained to reply to his allegation that the Unesco secretariat has not been scrupulously respecting the mandate it has received from the organisation's member states. Mr Peter Galliner alleges that the secretariat altered the text of the Paris recommendation to set up the international programme for the development of communication (IPDC) when the draft went before the Belgrade conference. May I recall at the outset that only member states are entitled to present draft resolutions at the general conference and not the secretariat? Besides, the resolution on the IPDC unanimously adopted at the Belgrade conference approved in its entirety the Paris recommendation, including the sentence which states that in the deliberations of the 35-nation intergovernmental Paris council "priority should be given to seeking a consensus".

Mr Galliner further charges that the secretariat tampered with the procedures regarding the appointment of the IPDC's director. But both the Paris recommendation and the resolution adopted at the Belgrade conference clearly state that the director of the programme shall be appointed by Unesco's director-general on the recommendation of the intergovernmental council. This procedure is being respected thoroughly.

The director of IPI also takes the secretariat to task for its role in the February, 1981 meeting on the protection of journalists. I would like to inform him that Prof Pierre Gaborit's choice to write the position paper was made on the recommendation of a consultation held at Unesco in January, 1980 with the participation of two of the world's leading international journalists' organisations: the Prague-based International Organisation of Journalists and the Brussels-based International Federation of Journalists. Moreover, as the front page of the document made it abundantly clear, the proposals contained in the position paper were by no means binding on the organisation.

Dileep Padgaonkar
UNESCO,
7 Place de Fontenoy,
75700 Paris.

Enterprise zones

From the Secretary, National Chamber of Trade.

Sir,—I refer to Anthony Moreton's article—Enterprise Zones: a questionable start—of August 24.

At the inception of the Chancellor's brainchild of enterprise zones we warned that great care would be needed to ensure that the zones did not create artificial situations in the experimental areas to the extent of creating a structural planning and competitive imbalance between neighbouring areas in the same or adjacent regions; duplicating existing plans for inner city partnerships and development, or diverting funds away from such projects; and creating a false economy within the zones which might lead to financial and other problems such as unemployment at the end of the period of subsidisation.

The ironic part of the whole scheme is that businesses outside zone boundaries not only lose out completely to unfair competition, but have to foot the bill for the £20m capital allowances and £50m rates lost by the end of the ten-year period. Already it would appear from reports that the zones are in danger of creating islands of rate and planning-free services and warehousing facilities in a sea of blighted commercial property. That would be the worst form of atavism to the blight created by the town centre property boom in the 1950s and 1960s. We know how many smaller, family businesses were lost in those exercises.

Perhaps the Chancellor's idea would have been better held over until we saw the promised autumn Green Paper on rate reform. Perhaps then all businesses might be inspired by rate-free inducements!

Bernard Tennant.
Enterprise House,
Henley-on-Thames, Oxon.

Today's Events

GENERAL

UK: Sir Michael Edwardes, chairman of BL, statement on half-yearly results.

Mr Ron Todd, Transport and General Workers' Union national organiser, speaks on productivity at Ford unions mass meeting, Halewood.

Overseas: Chancellor Helmut Schmidt of West Germany meets Prime Minister Gro Harlem Brundtland in Oslo.

M Claude Cheysson, French External Relations Minister, arrives in Jordan at start of Middle East tour.

Polish union Solidarity organises regional transport strikes.

Final day of Law of the Sea conference, Geneva.

International Fair of Consumer Goods opens, Stockholm (until September 6).

OFFICIAL STATISTICS

Department of Transport publishes figures for new vehicle registrations for July.

COMPANY MEETINGS

Davenport Knitwear, Allen House, Newarke Street, Leicester, 11.30. Lennons Group, Abbotts Well Hotel, Chester, 12.00. Sogomana Group, St. Vincent Street, Glasgow, 12.00.

COMPANY RESULTS

Final dividends: Brown Bros. Corporation. Linfood Holdings. Raybeck. Waring and Gillow. Interim dividends: Scottish Northern Investment Trust. Interim figures: Martin Black. British Leyland.

LUNCHTIME MUSIC, London

Piano and cello recital by Jonathan and Gillian Beecher, St. Lawrence Jewry, Gresham Street, 1.00 pm.

Mining Supplies down but payment maintained

INCLUDING results from the Laurence Scott group for the second half, pre-tax profits of Mining Supplies dropped from £2.76m to a virtual break-even £10,000 for that period and left the figure for the 53 weeks ended May 2, 1981 down by nearly £1m at £2.38m, against £3.31m for the previous year.

Turnover of this mining machinery, forgings, castings, and general engineering concern more than doubled from £24.54m to £50.97m.

After a tax credit, however, of £363,000 (£1.47m charge), net profit was £2.74m, compared with £1.84m, giving earnings per share of 11.8p (8.2p). The dividend is maintained, as forecast, at 2p net, which will absorb £479,000 (£450,000).

Mr A. Snipe, the chairman, says that Mining Supplies Group performed as expected in the interim report, maintaining a good level of turnover and profit. Exports have increased, mainly for mining equipment — the present order book is principally for overseas — and enquiries are currently quite strong, "which suggests an increasing level of business in these areas."

He says the UK mining business has continued in a depressed state and that there is no sign of an upturn in demand. Mr Snipe feels it would be wrong to anticipate any dramatic change in that position during the current period.

Laurence Scott was a loss-making group and the chairman says it has continued in a loss-making position, since the group's acquisition last October, because of a fall in demand for Laurence products.

"It has, therefore, been extremely difficult to stabilise the performance of the group as a whole," Mr Snipe states.

He explains that rationalisation and re-organisation has been necessary, and to some extent, been carried out, at Laurence. These include a heavy redundancy programme, as well as the introduction of new, up to date machine tools.

The chairman says he looks to this company making a contribution to profits "in the not too distant future."

The financing of Laurence is still independent of Mining Supplies as a group, so that one is not entirely dependent on the other, and this position will be maintained, Mr Snipe says, providing there is continued support on loans and overdrafts from the group's bankers.

See Lex

HIGHLIGHTS

Lex looks at the statement from AEG Telefunken indicating continuing half year losses which, it says, are within its budget plans. The column considers the need for further capital reorganisation and the likely willingness of the banks and shareholders to cough up. Yesterday Redland told shareholders at the annual meeting that its first half was going to produce lower profits but that there was some optimism over the closing six months. Lex looks at the building materials sector in the light of this statement before moving on to comment on the latest results from Mining Supplies which is counting the cost of the Laurence Scott acquisition. Finally Lex reviews how far merchant bankers Lazard have got in their attempt to reorganize the special steels sector. On the inside pages Lec produces another impressive set of figures while Somportex reports a sharp profits increase—but not sharp enough for the market which clipped 100p off the price.

LEC ahead at interim stage

ON TURNOVER up from £15.7m to £20.23m taxable profits of Lec Refrigeration moved ahead in the six months to June 30 1981 to £1.47m, compared with £1.22m.

Although the net interim dividend is being stepped up from 1.485p to 2.75p per 25p share the directors say the increase is to reduce the disparity between interim and final payments and should not be taken as an indication of the ultimate dividend which may be paid for 1980 as a whole.

Last year the group, which manufactures a wide range of commercial and domestic refrigerators, paid a total of 5.55p from taxable profits of £2.44m (£1.62m).

Tax for the half year took £470,000 (£292,000) leaving a net balance of £999,000 (£926,000).

Stated earnings per share edged ahead from 15.31p to 16.52p.

Dividends absorbed £166,320 (£89,813).

● comment

Lec is heading towards profits of close to £3m this year. While much of the UK's white goods sector is looking for ways to retrench in the face of declining consumer demand and increasing import penetration Lec is building on last year's 50 per cent increase with a further gain of perhaps a fifth. The foundation stone of this recent expansion—during the second half of the 1970s profits hit a plateau—was a drive to bolt down costs and go all out for volume within the limited market of fridges and freezers. At the bottom line Lec has been able to take on the opposition in a price battle that has sharply increased its market share. The shares started to catch up with this exceptional performance last year and now at 222p capitalise the company at £13.4m against a low point this year of £5.2m. Nevertheless a fully taxed p/e of around 10 has not got out of court yet. The yield could be getting on for 4 per cent.

Somportex lifts payout to 10p

DESPITE A virtually static second-half profit of £138,244 against £133,662, Somportex Holdings, a distributor of confectionery, groceries and delicatessen products, finished the year to April 30 1981 with a taxable surplus of £866,027, a sharp increase on the previous year's £359,327.

The annual dividend is being stepped up by more than 77 per cent, from 5.625p to 10p net and a three-for-one scrip issue is planned.

At midway, profits had jumped from £226,263 to £727,447, a large part of which came from the group's Slush Puppie product.

Second-half profits, say the directors, were restrained by three factors: the acquisition of bigger premises, causing duplicated overheads pending disposal of the old ones; a loss in the delicatessen division; and the fall in sterling.

However, they point out that these restraints are not structural and that current trading is ahead of budget.

Turnover for the year increased from £5.54m to £8.07m and the surplus, which is reduced to £760,604 on a CCA basis, is struck before a deferred tax release of £204,360 (nil). Earnings per 25p share are shown up from 25.37p to 82.02p.

● comment

In almost any other stock other than Somportex, yesterday's 100p share price fall would signal disaster. In this particular instance, however, all it means that the very thin market has reacted very slightly to annual profits which have fallen just a little short of extremely high growth expectations. The figure doing the rounds was £1m pre-tax plus for the year but the Slush Puppie group excuses itself by pointing to the material, if unquantified, effects of delicatessen losses, sterling fluctuations (the hardware comes from the US) and overhead duplication through the warehouse and processing move from Harrow to Greenford, Middlesex. It says that these problems are not structural which means presumably that the growth arguments, which had pushed the shares up to £10.50 this year, still hold good. At 900p, the yield is still neither here nor there at just 1.6 per cent, despite the big dividend increase, and the historic fully taxed p/e is about 15. The only tangible short-term support must be the share split which will take some of the hair-raising volatility out of the price movements.

Rohan sees continued progress

TAXABLE PROFITS of Rohan Group, an Irish industrial estate developer and building contractor, went ahead from I£1.71m to I£1.85m in the first six months of 1981 and the directors say they expect further progress in the remainder of the year.

The interim dividend is being stepped up from 4.8p to 5.3p on capital increased by a three-for-ten rights issue. A total of 10.5p was paid last year on profits of £3.71m.

Turnover edged ahead from £12.34m to £12.7m in the half year and the attributable surplus came out at £1.48m (£1.29m) after tax of £371,000 (£428,000).

Stated earnings per 10p share are up from 21.29p to 22.91p.

Mixconcrete drops into £0.46m loss

TURNOVER of Mixconcrete (Holdings) fell from £21.3m to £18.81m, for the half-year ended May 31 1981, and compared with a pre-tax profit of £731,000 previously, the ready mixed concrete, sand and gravel group dropped £461,000 into the red.

The interim dividend is maintained, however, at 1.55p net—last year's final was 2.5p.

The directors say that the economic situation that continues to depress activity in the construction industry was aggravated by wet weather, and an inevitable pressure on margins resulted.

June and July were profitable in response to the normal seasonal increase in activity, but the directors say it is impossible, at this stage, to predict the outcome for the year as a whole—for the 1979-80 year the pre-tax surplus was £1.6m.

The directors then said that results for the first-half would be lower than the year before, and that it was unlikely that profits for the full period would match those for 1979-80.

There was a tax credit of £234,000 against a £380,000 charge, and after a minority credit of £2,000 (nil), the attributable deficit was £225,000 compared with a £351,000 surplus.

Edinburgh Securities in the red

In the half year to July 31 1981 Edinburgh Securties, an oil exploration company with a 163 (2) listing on the Stock Exchange, incurred a net loss of £28,340, compared with a profit of £1,693, after a nil tax charge, against £1,072.

There was a realised net profit from the disposal of investments of £1.29m (£3.34m). Loss per share came through at 0.35p (0.02p earnings).

There is again no interim dividend but the directors expect to be able to recommend a same-again final of 0.15p.

They say the trading loss arose because income from oil and gas and investment interests remains small at present. They add that the company has written off £32,073 in abortive exploration expenditure.

Permission is being sought to have the company's shares dealt in on the Unlisted Securties Market. It is hoped that dealings will begin in this market during October.

ROUND-UP

Japan has agreed to extend technological co-operation to China in exploration of copper deposits in Anhui Province, Eastern China, it was reported from Tokyo.

The Governmental Metal Mining Agency of Japan said it reached the agreement with the Chinese Ministry of Metallurgical Industry.

The copper deposits, located about 20 kilometres north of Anqing City, have an estimated 31m tonnes of copper ore with an average grade of 1.34 per cent copper.

Overseas side pushes BBA into profit

FOLLOWING a slump in pre-tax profits from £8m to just £850,000 for the whole of last year, BBA Group, the automotive components and industrial products concern, turned in a surplus of £664,000 for the first six months of 1981, although it was well down on the previous year's £2.26m.

A UK loss of £1.43m (£579,000 profit) was offset by an overseas surplus of £2.1m (£1.69m).

The directors say that it was emphasised in the annual report that measures taken to reduce costs should ensure that the final result for the current year would show an improvement.

Results so far, they state, indicate that some improvement has taken place, and they have reason to expect better results in the second six months, particularly in the two principal UK companies, Mintex and Scandura.

After an unchanged tax charge of £1.33m there was a net loss of £669,000 (£936,000 profit) but the directors "expect to see a profit after taxation for the whole year."

The interim dividend is maintained at 0.84p net per 25p share—last year's final payment was 0.9p.

Group turnover was down 19.4 per cent, from £72.39m to £58.34m, but was only 7.4 per cent less than the £63m for the second of 1980, directors point out—six months' sales were split as to: UK £24.45m (£35.44m), and overseas £33.89m (£36.95m). Exports totalled £5.62m (£8.85m).

Sales dropped heavily in the UK, but they remained fairly steady overseas.

Balance of profit from trading, of £4.16m (£6.33m), shows an improvement on second-half 1980 figures, directors say, with margins on sales increasing from 5.3 per cent to 7.1 per cent.

Comparing results with the second half of last year, the overseas companies pushed up profits by £2m on the same turnover—there was a small increase over first-half 1980 figures—and in the UK the loss for the period was similar to the second six months of last year, but on lower turnover.

All the automotive companies, except Mintex, were profitable during the first six months of this year, but the industrial division operated at an overall loss, mainly because of adverse results in Scandura and Sovex Marshall.

Above the line depreciation took £1.93m, against £2.7m, finance charges were £1.92m (£1.75m), and associates' share was £420,000 (£385,000).

After tax, an extraordinary debit of £1.24m (£398,000) and minority interests, £2,000 (£134,000 credit), the loss came through at £1.91m, compared with a £672,000 surplus. Loss per share is given as 1.17p (1.86p earnings).

The extraordinary item comprised the loss on selling the group's share of Regina-Fibreglass to Pilkington Brothers.

Borrowings were £3.55m lower as at June 30 last, compared with a year earlier, although gearing is virtually unchanged at 49 per cent, because of a £5m reduction in reserves. Balance-sheet remains satisfactory, directors state.

On a CCA basis pre-tax figure is turned into a £817,000 loss.

● comment

BBA seems to be emerging from its nightmare at last. Last year was dismal and the first half figures this year reveal a 71 per cent pre-tax slump and a net loss of £1.9m. In the first half, Mintex made a loss of £1m, Scandura a loss of £400,000 and Sovex a loss of £200,000. The group shed 300 more of the workforce through natural wastage in the UK and Germany. But it is now conceivable that BBA will make a pre-tax profit of around £2.9m, on the back of recovery at Scandura helped by a NCB contract and elsewhere. Overseas profits are improving and there will probably be no UK tax to pay this year. The company should be able to cover a maintained dividend. With these prospects in mind, the possible yield is 7½ per cent, up 1p yesterday. The p/e on a full tax charge could be around 16—high but not unreasonable given the recovery outlook.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Barget	int	1	Oct. 15	nil	—	nil
BBA Group	int	0.84	Jan. 6	0.84	—	1.74
British Assets Trust	int	1.05‡	Oct. 5	0.8	—	3.5§
James Dickie	int	1.5	Oct. 31	2.44	—	3.94
Hanover Investments		1.15	Oct. 5	1.15	1.85	1.85
Hill and Smith	int	1	Oct. 6	0.81*	—	3.18*
Lambert Howarth	int	1.15	Oct. 5	1.15	—	4.06
Lec Refrigeration	int	2.75**	Oct. 17	1.49	—	5.55
Mining Supplies		2	Oct. 10	2	2	2
Mixconcrete	int	1.55	Oct. 19	1.55	—	4.05
Ofrex	int	1.75	—	1.17	—	3.67
B. Paradise		0.7‖	Nov. 9	nil	0.7	nil
Pearl Assurance	††int	8.5	Oct. 9	7	—	20
Rohan Group	¶int	5.3†	—	4.8	—	10.5
Scottish Ag. Inds.	int	5.75	Nov. 2	5.75	—	14.75
Sompartex		10	Oct. 16	5.63	10	5.63
Sunbeam Wolsey	int	nil	—	nil	—	2¶

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Makes 3p (2.55p) for nine months—year's total will be not less than 4.05p. § Excludes special 0.3p. ¶ Irish pence. ‖ For 15 months. **Increase to reduce disparity with final. †† Increase does not imply same percentage rise in final.

Redland looks to second half

MR COLIN CORNESS, chairman of Redland, said yesterday that despite depressed first half earnings, the company could hold attributable profits steady for the full year.

"Demand is now picking up again in the UK," said Mr Corness, following the annual meeting yesterday, although he said there was no evidence yet of a sustained increase in building activity.

He told shareholders that the current year had not started well. Bad weather conditions in West Germany hit its Braas subsidiary in the first half, although trading was now expected to pick up. Even in Australia, where trade had been buoyant, he said there were fears of slackening demand in the face of rising interest rates.

Redland remained interested in a UK acquisition following its £20m sale earlier this year of its waste disposal business. Mr Corness said the company now had a short list of some three or four UK companies which could fit into its plans. The company hoped that a deal could be completed before the end of this year.

He stated that "one or two UK acquisitions is important for the long-term health of our business" even though the UK offered little or no prospect of real growth. He said the tax system discriminated against overseas earnings by not allowing tax paid overseas to be set against advance corporation tax liability.

As a result, Mr Corness said there was a strong case for supplementing the company's flat UK earnings with acquired profits attracting mainstream UK corporation tax as an offset to ACT.

Redland lost some £3m due to exchange rate movements last year, but Mr Corness said that this year the group was hoping for a positive contribution. Redland's shares yesterday were down 1p to 184p.

See Lex

Backing for straw box company

Ciba-Geigy, UK, a subsidiary of the Swiss chemical group, is helping to finance a new company which will make packing boxes—for fresh produce—out of straw.

Mr Ken White has formed Straw Box Systems with £300,000 in venture capital. Half has been subscribed by City institutions, through Development Capital and half by Ciba-Geigy UK which has been aiding Mr White in the development of special resins needed for his manufacturing process.

Mr White said yesterday his straw boxes would be much cheaper than the wooden ones traditionally used for packaging fresh fruit and vegetables.

He said the use of straw in packaging would help to conserve soft woods and reduce farmers' problems in disposing straw. Further, once the boxes have been used they can be chopped up and spread on the ground as mulch.

The funding of the straw box factory, located in Sittingbourne, Kent, largely comprises loan capital, Mr White holds 60 per cent of the ordinary shares.

"We strongly believe that our clients should have control of their businesss," said Mr Neil Falkner, director of Development Capital, "and thus reap the benefits of their success."

The company aims to license straw box manufacture in different parts of Britain and overseas, for although the basic raw material is a waste product, it would be expensive to transport over long distances and store Mr White said.

Nichols to pay at least 9.5p

For the six months ended June 30, 1981, J. N. Nichols (Vimto) has turned in a pre-tax profit of £1.19m and declared an interim dividend of 4.5p. The directors expect some reduction in profit in the current half but envisage paying a final of not less than 5p.

Tax for the first half absorbs £605,000: turnover came to £6.72m. The results are in line with expectations. No comparisons are available because of a change in the accounting date last year and the major acquisition of Solent Canners in mid-1980.

The group is engaged principally in the manufacture, bottling, canning and factoring of soft drinks. The directors say there has been a reduction in exports and they will be considerably less this year than in 1980. However, there has been a "promising upturn" in home trade, which the directors hope will continue.

RESULTS AND ACCOUNTS IN BRIEF

NEW DARIEN OIL TRUST—No interim dividend for period to July 31, 1981. Pre-tax revenue £247,477 tax £128,688, profit after tax £118,789. Earnings per share 1.2p. Net asset value 119.4p.

ASSAM TRADING (HOLDINGS) (investment holding company)—Results for year to March 31, 1981 reported August 13. Group investment properties £5.09m; net current assets £95,000; secured loans £2.88m; shareholders' funds £6.63m. Although most of group's property activities have been centred in the north of England and Scotland investigations into propositions in the south of England and North America are now being made. Meeting, York, September 18, noon.

HAMPSON INDUSTRIES (engineering, manufacturing, industrial cleaning)—Results for year to March 31 1981 reported July 23. Group fixed assets £2.25m (£2.16m). Net current assets £1.04m (£0.96m), including bank overdraft £0.46m (£1.45m). Shareholders' funds £3.05m (£2.88m). Meeting, Birmingham, September 25, noon.

BLACK ARROW GROUP (office furniture and electrical equipment supplier)—Results for year to March 31 reported July 18. Shareholders funds £5.24m (£5.13m) secured bank loan £500,000 (£530,000); current assets £1.96m (£2.06m), including cash £109,041 (£3,294); current liabilities £1.11m (£1.24m) including secured bank overdrafts £54,444 (£413,500); increase in working capital £109,094 (£64,997). Chairman says results for first quarter of current year encouraging and he is hopeful company will emerge from profits plateau of last three years. Meeting, Hounslow, September 30, 2 p.m.

WARD AND GOLDSTONE (insulating wire and electrical accessories maker)—Results for year to March 31, 1981, reported July 24. Shareholders' funds £23.58m (£23.7m); medium term loan £1.47m (£1.6m); fixed assets £14.46m (£13.94m); net current assets £11.97m (£13.59m) including bank overdraft and acceptance credits £8.21m (£14.36m); decrease in working capital £4.61m (£4.84m increase). Meeting: Manchester, September 17, 11.30 am.

MARLING INDUSTRIES (industrial textile manufacturer)—Results for the year to March 31, reported August 1 with chairman's observations on current year. Group fixed assets £3.68m (£3.92m). Net current assets £2.93m (£3.02m). Shareholders' funds £4.69m (£3.77m). Meeting, Charing Cross Hotel, WC, on September 18 at noon.

WELLMAN ENGINEERING CORPORATION (thermal and mechanical engineer and manufacturer serving the metallurgical and other major industries)—Results for year to March 31, 1981, reported July 24 with chairman's observations on prospects. Group shareholders' funds £7.75m (£6.58m). Fixed assets £6.36m (£6.44m). Net current assets £4.11m (£3.98m). Net cash inflow £338,000 (£4.13m outflow). Meeting, Davis House, SW, on September 24 at noon.

STONEHILL HOLDINGS (Furniture manufacturer)—Results for year to March 29 1981 reported June 27. CCA pre-tax profits £350,598 (£1.53m), against historic £614,508 (£2.04m), fixed assets £2.79m (£2.94m), net current assets £2.24m (£2.33m) including bank balances and short-term deposits of £1.33m (£1.27m), shareholders' funds £5.03m (£5.27m). Chairman states that he believes the end of this year will show an improvement in the group's results. Meeting, Churchill Hotel, Portman Square, W, September 24 at 11.30 am.

MORAN TEA HOLDINGS (tea, property investment and development)—Results for 1980 reported August 27. Fixed assets £1.9m (£1.87m), net assets £1.35m (£1.89m). Shareholders' funds £1.3m (£1.77m). The company's auditors, Train Scott, say they are unable to confirm the directors' revaluation of the group's UK investment freehold properties at December 31 1980, in the absence of an opinion from independent professional valuers. Meeting: Sir John Lyon House, High Timber Street, EC, at noon.

BANK RETURN

BANKING DEPARTMENT

	Wednesday Aug. 26 1981	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	32,869,194	— 515,663
Bankers Deposits	542,410,406	— 14,231,231
Reserve & other Accounts	1,586,977,686	+ 28,089,559
	2,176,810,286	+ 13,342,665
Assets		
Government Securities	387,782,143	— 139,375,842
Advances & other Accounts	1,113,548,590	+ 108,240,138
Premises Equipment & other Secs.	669,108,507	+ 50,122,057
Notes	6,056,248	— 5,699,897
Coin	314,798	+ 56,209
	2,176,810,286	+ 13,342,665

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes Issued	10,750,000,000	+ 75,000,000
In Circulation	10,743,943,752	+ 80,699,897
In Banking Department	6,056,248	— 5,699,897
Assets		
Government Debt	11,015,100	—
Other Government Securities	8,385,208,564	+ 286,678,509
Other Securities	2,353,776,336	— 211,678,509
	10,750,000,000	+ 75,000,000

SPAIN

August 27	Price %	+ or —
Banco Bilbao	367	
Banco Central	395	
Banco Exterior	424	—4
Banco Hispano	346	
Banco Ind. Cat.	121	
Banco Santander	404	
Banco Urquijo	226	
Banco Vizcaya	389	
Banco Zaragoza	280	+4
Dragados	223	+1
Espanola Zinc	80	
Fecsa	72.2	—2.0
Gal. Preciados	63	+2
Hidrola	87	—1
Iberduero	58.2	—1.8
Petroleos	127	
Petroliber	84	
Sogefisa	54	
Telefonica	87	+2
Union Elect.	79	—1

Sunbeam Wolsey setback

TAXABLE PROFITS of Sunbeam Wolsey, the Cork based hosiery and knitwear manufacturer, fell from I£42,000 to I£6,000 for the first half of 1981 on increased turnover of I£10.86m compared with I£9.41m.

However these profits were struck after an employment subsidy of £67,000 (£142,000)—operating losses were £61,000 (£100,000).

The interim dividend is being missed again. Last year a final of 2p net per 25p share was paid on pre-tax profits of £325,959 (£1.48m) including an employment subsidy of £302,950 (£414,451).

The directors say the results for the second half of the year are traditionally better than the first. Given any reasonable trading conditions between now and the year end, and an elimination of absenteeism and production problems they are hopeful of a better profit figure for second half.

Looking at the six months under review they say that apart from the recessionary factors upsetting trading conditions in all the group's companies, continuing operating difficulties in Sunbeam and Kilspindie, and the non contribution from Midleton Mills were the main causes of the very poor results.

There was no tax charge (same) and after a minority debit of £19,000 (£11,000 credit) the attributable losses emerged at £13,000 (£53,000 profits).

First half shortfall at Ofrex

For the first half of 1981 Ofrex Group, the office supplies manufacturer and distributor recently acquired by Gallaher, reports a fall in pre-tax profits from £1.77m to £1.33m. Sales for the period improved marginally from £24.03m to £24.96m, and the board believes that those for the full year will be slightly higher than the £45.2m for 1980.

The net interim dividend is raised to 1.75p (1.17p). Last year's total payment was 3.67p from profits of £2.5m.

Tax for the six months took £274,000 (£756,000) and on a CCA basis taxable profits are shown at £554,000 (£206,000 for year 1980).

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1980-81 High	1980-81 Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
113	100	ABI Hldgs. 10pc CULS	113	—	10.0	8.8	—	—
76	39	Airsprung	72	—	4.7	6.5	11.4	16.8
52	21	Armitage and Rhodes	45	—	4.3	9.6	3.8	8.5
200	92½	Bardon Hill	198	—	9.7	4.9	9.6	11.7
104	88	Deborah Services	103	—	5.5	5.3	5.1	9.7
128	88	Frank Horsell	107	—	6.4	6.0	9.6	23.3
110	39	Frederick Parker	84	—	1.7	2.7	27.8	—
110	64	George Blair	64	—	3.1	4.8	—	—
100	93	IPC	100	+1	7.3	7.3	7.2	10.9
113	59	Jackson Group	107	—	7.0	6.5	3.4	7.6
130	103	James Burrough	128	—	8.7	6.9	9.2	11.8
334	244	Robert Jenkins	307	—	31.3	10.2	4.3	10.9
59	50	Scruttons "A"	59	—	5.3	9.0	9.1	8.4
224	188	Torday	188	—	15.1	8.0	7.2	12.5
23	8	Twinlock Ord.	12½	—	—	—	—	—
90	68	Twinlock 15pc ULS	75	—	15.0	20.0	—	—
56	35	Unilock Holdings	37½	—	3.0	8.0	6.7	11.4
103	81	Walter Alexander	93	—	6.4	6.9	6.1	10.8
263	181	W. S. Yeates	235	—	13.1	5.6	4.5	9.0

Alte Oper Frankfurt

CONCERT & CONVENTION CENTRE

City of business and art

BY WALTER WALLMAN,
Lord Mayor of Frankfurt

A GLANCE AT THE MAP is all that is needed to show to what Frankfurt owes its importance. The city stands at the crossroads of major routes of communication. For many visitors or travellers passing through, Frankfurt means the Rhine/Main airport, its motorway intersections or the main station, the largest railway station in Europe. However, you cross the Federal Republic and by whatever means of transport, the way invariably leads past Frankfurt.

In earlier days too Franfurt had its favourable location to thank for its special importance. The name of the city itself points to two historically important routes: the Ford (furt) across the Main was an important junction in the centre of the joining northern and southern Germany; and the river itself, a major tributary of the Rhine, offered water transport access to the open sea. The development of modern forms of communication has only served to enhance the location. Whereas Hamburg, with its sea-port was once the point of embarkation and arrival for passengers travelling from Germany overseas, so today Frankfurt has become the gateway to the world with its airport at the heart of Europe.

The benefits of the location together with skilful economic development policies made Frankfurt into the business centre of the Federal Republic. As the focal point of a conurbation of 1.5m-2m people the city has by far the highest gross domestic product in the country. At the same time despite the concentration of commercial and industrial activity and the density of population Frankfurt does not suffer from the same problems that afflict many similar cities in the world. The region as a whole is stable and economically well-balanced, although the commercial and service sectors predominate.

One particular example serves as a good illustration. Frankfurt's tradition as a financial centre goes back many centuries. From here the famous Rothschild family conquered the capitals of Europe, Paris, London and Vienna, while still retaining control of the parent bank in Frankfurt. At times the financial strength of the Frankfurt banking community has exerted a decisive influence in helping to shape the course of world politics and the development of the world economy. Today the city is the leading banking and stock exchange centre in the Federal Republic.

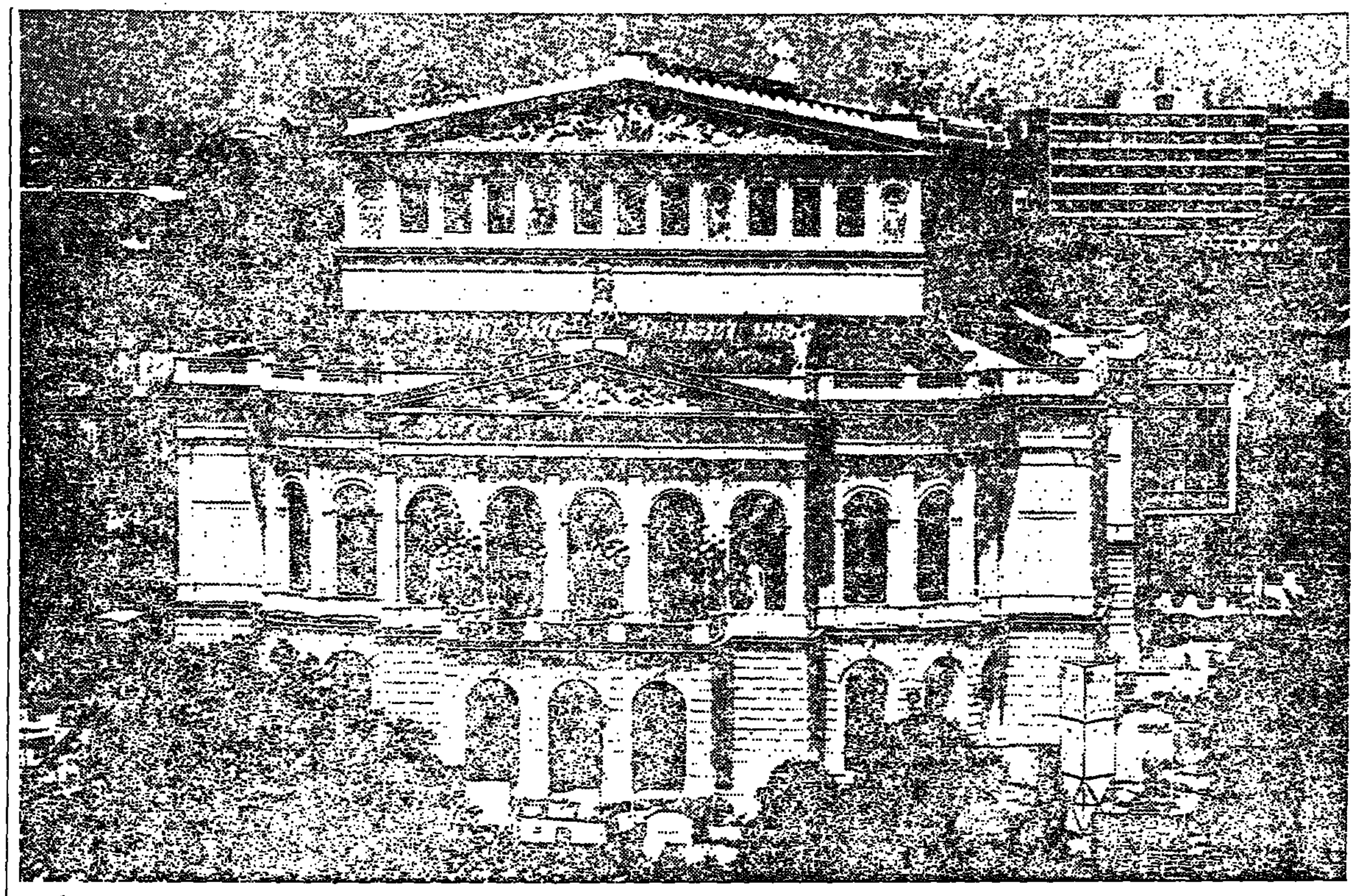
Frankfurt is already well-known around the world as a business centre, but we also want to develop the city as a leading cultural and arts centre. World-famous museums such as the Städel with its collection of Old Masters and the Senckenberg with its unique collection of natural history exhibits belong to the best-known and most highly reputed institutions of their kind. But in other areas the city still has some catching up to do.

In a major effort Frankfurt is now being developed into a cultural and arts centre of international importance. Today the old opera house, which has been re-built and faithfully restored, will open its doors for the first time as a concert house and convention centre. Conductors and orchestras of world renown will play in the main concert hall. And the many other conference rooms, salons, cafés and restaurants offer tailor-made facilities for the organisation of international congresses.

The row of houses under construction opposite the medieval town-hall, the Römer, will also be built as historically faithful reproductions. This site, for centuries the festive setting for the election and coronation of the Emperors of the Holy Roman Empire, will be restored within the foreseeable future for visitors and residents alike to its former glories. Here too between the dignified Imperial Cathedral and the square of the Römer an additional cultural centre will offer space for large exhibitions.

In the next few years a series of museums will be developed in a common park along the south bank of the Main connected by footpaths. Some are already there: the Städel art gallery, the Liebighaus museum of sculpture, a museum of ethnology, the museum for arts and crafts and the post museum. A start has been made too on the building of Germany's first museums for film and architecture. Frankfurt's "museum bank" beside the Main will finally be completed with a new building for the arts and crafts museum and the opening of a music museum. In addition a new archaeology museum will be opened on the opposite bank of the river. In sum Frankfurt will eventually be able to present itself as a city of museums of the first order.

We are justifiably proud to be a flourishing business metropolis and financial centre of Europe. But the city is no longer only a focal point of finance, trade and communication; Frankfurt is also becoming a city of culture. In a few years' time, when the museums bank has been completed, when the Alte Oper has taken its place firmly in the cultural life of the city, and when the historical Römerberg has been restored, Frankfurt will be able to show itself to visitors and newcomers working here as a city of art and culture.



Rebirth of 'the most beautiful ruin in Germany'

MODERN FRANKFURT took shape dynamically from the ruins of the Second World War, emerging rapidly as the Federal Republic's undisputed financial and commercial capital, the hub of the fast-burgeoning West German economy. As the city was rebuilt in concrete and glass, at speed and often haphazardly, one building was left conspicuously decaying in its midst, "the most beautiful ruin in Germany."

Frankfurt's old opera house, built in a style and grandeur to rival the great houses of Paris and Dresden, was left for more than 30 years open to the wind and rain, a decaying reminder of a classical beauty among the mushrooming office blocks.

For a long time a monument only to civic indecision, the old opera house is now poised to reclaim its role at the centre of the city's cultural life. The grand opening today by the President of the Federal Republic, Karl Carstens is the culmination of five years of intensive effort in which the old opera house—die Alte Oper—has been returned outwardly to its former glories.

Inside the building has been transformed. Bridging the gap between the city's cultural and commercial past and present, the interior of the old opera house has been redesigned as a concert house and congress centre, uniquely combining technical facilities of the highest standard with an atmosphere and history unmatched by rival buildings of the post-war years.

In its new role the old opera house will fill a sorely-felt gap in Frankfurt's cultural and business life. It offers the world's leading musicians for the first time a concert hall in the centre of the city built to the highest acoustic standards offered by modern technology, yet linked to a 100-year-old operatic tradition. At the same time the facilities of the Alte Oper have been designed from the outset with a flexibility that allows the house to serve too as a purpose-built congress centre able to cope ideally with meetings ranging in size from 300 to 1,500 delegates.

With its traditional spring and autumn fairs—an important barometer for the state of health of the West German economy — the Book Fair and Fur Fair, both attracted from Leipzig following the division of Germany and a series of other specialised industrial fairs and exhibitions, Frankfurt can justifiably claim to be one of Germany's leading showplaces for the country's mercantile and industrial skills.

In the early days of the Federal Republic Frankfurt narrowly missed out in the vote to become the country's capital city, although enthusiasts of the city maintain that it has always been the "secret capital," having a relationship to Bonn similar to that of Zürich to Berne, New York to Washington or Canberra to Sydney. Frankfurt gained the consolation, however, that the Bundesbank, the West German Central Bank, was established in the city, and that move ensured that it would quickly become the country's financial metropolis.

It is the capital of the country's advertising industry and the home of numerous trade federations, including the associations for the automobile, mechanical engineering and chemicals industries, three of the largest sectors of German industry. It is the headquarters too of the western world's largest trade union, IG Metall, which draws its members from sectors such as metal working, the car industry, shipbuilding and iron and steel making.

With such a range of financial, commercial and industrial activity within its boundaries it is surprising that Frankfurt has managed inadequately for so long without a convention and conference centre that could match the demands of such local organisations and that could raise the standard of facilities offered by the city in this area too to those expected on the world stage.

Before the completion of the Alte Oper, convention or conference organisers have often had to by-pass the city or else make use of facilities offered by Frankfurt's hotels. The demand has clearly existed all along, however, and is finding rapid expression in the growing list of organisations that have already booked the unique facilities of the old opera house for conferences, congresses and meetings. Bookings have been placed far in advance of this week's official opening and the seasons of 1984-85 are now being planned.

The range of organisations that have booked the Alte Oper to date illustrate well the flexibility of its facilities. Next year the house will play host to the 1,500 delegates of one of Germany's leading trade unions, IG Bau, the construction industry union, for its four-day conference. In the spring it will be the setting of the world ballroom dancing championship, and some of the country's leading banks have already chosen the Alte Oper as the prestigious setting for their annual meetings next year.

That the Alte Oper's technical facilities are a match for any of the purpose-built congress centres around the world should be taken for granted, says Ulrich Schwab, general manager of the house. "We have incorporated the newest technology, that is natural. What distinguishes the Alte Oper is its atmosphere. The concrete, anonymous halls of other modern congress centres close off communication, but the architecture here is made for the special occasion, it encourages contact, it helps to open people to new ideas, to listen and to talk. The building exercises a real, positive influence and is a unique setting."

The main hall of the Alte Oper has been designed with maximum flexibility in mind and for conventions it will be able to seat as many as 1,400 visitors with the hall arranged with parliamentary seating and can cater for up to 1,100 people at round tables for occasions such as banquets.

But just as important for the future of the Alte Oper is its other role at the centre of Frankfurt's cultural life—its seating capacity of 2,500 in rows for major concert occasions and the like. The old opera house is set to add a new dimension to the musical life of Frankfurt which will reach a climax each year in August and September with the newly created Frankfurt Festival, Frankfurt Feste.

This year's programme includes performances by the Chicago Symphony Orchestra under Sir Georg Solti, the Vienna Philharmonic under the direction of Lorin Maazel, the Orchestre de Paris with Daniel Barenboim and the Concertgebouw Orchestra under the direction of Bernard Haitink. Ulrich Schwab is determined that the Alte Oper should offer much more than classical music, however, and is setting out from the beginning to offer a programme that includes jazz, rock and pop music, art exhibitions, poetry readings and literary events too. In its new role the Alte Oper must make itself available to a much wider public than it did when it first opened its doors 101 years ago.

At the splendid gala opening in 1880, Kaiser Wilhelm I, the German Emperor, is said to have remarked, almost enviously: "Only the Frankfurters could have afforded this."

In the years since the house was bombed and destroyed in 1944, leaving only the outer facade standing as an empty shell, many doubted that the city would again afford the costs of rebuilding the Alte Oper: the latest estimates are of more than DM 150m. But the civic authorities were finally forced to take action by an unprecedented citizens' campaign which from 1964 raised some DM 15m in donations towards the costs of reconstruction. There could have been no clearer demonstration of the significance of the rebuilding of the Alte Oper for the people of Frankfurt and their commitment to its future.

Alte Oper Frankfurt **CONCERT & CONVENTION CENTRE** Alte Oper Frankfurt

A cultural programme devised with everyman in mind

"I'M no native of Frankfurt, but as an outsider I have seen very clearly what high expectations Frankfurters have of the restored opera house." Ulrich Schwab, for two years director of the Alte Oper's fledgeling management team, is under no illusions about the dimensions of the task that lies ahead in formulating an artistic policy for the city's ambitious new concert and convention house, that will meet with local approval, particularly from the city's youth.

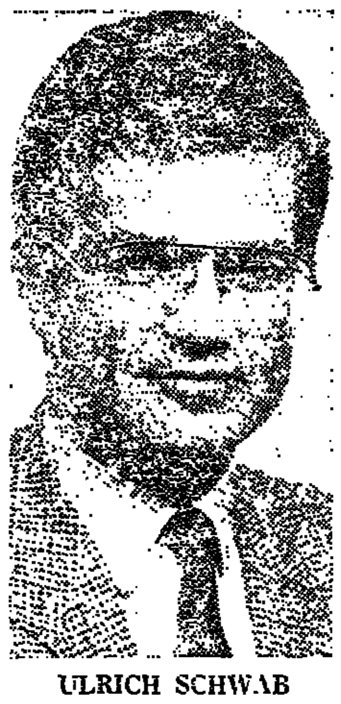
"The demand that the Alte Oper should be a house 'open to all' is a major consideration. For me it means in particular working to develop a widely-varied programme that really appeals to all sections of the public. It is a question of holding on to the intense interest that Frankfurters have in this building, and that will only be possible if it is clear that the programme does not simply exclude whole parts of the population."

While it lay in ruins Frankfurt's old opera house never lacked for popular support. Only the special place it held in the affections of most inhabitants saved it more than once from the bulldozers and redevelopment as a multi-storey car park or a new hotel block, but that support must now be earned anew, as Schwab recognises.

He is aware that particularly among the young there will be a tendency to dismiss the new building as a "bunker for the elite," an expensive home for bourgeois culture. On the other hand there will be those — perhaps especially among the older generation who still have memories of the opera house's pre-war splendour — who will be enraged at the idea of rock concerts taking place within its portals.

Schwab is aiming above all to try to raise people's tolerance levels through the diversity of cultural events that the Alte Oper will offer. The building, he believes, is a reflection of the experiences of the city, mirroring the splendour, but also the misery Frankfurt has known, a reflection of the turmoil and profound social change of the past 100 years.

The demands of the present day are very different to those voiced 101 years ago, when the Frankfurt opera house staged its glittering gala opening with a performance of Mozart's Don Giovanni attended by the German emperor, Kaiser Wilhelm I. The style and scale of the building was an expression of the supreme self-confidence and civic prosperity of the times, the early years of a recently reunified Germany.



ULRICH SCHWAB
General Manager
of Alte Oper Frankfurt

In its new role the Alte Oper faces testing times, but Schwab intends that the new house, with its widely varied repertoire, should be a reflection of the conflicts of modern culture. The opening of the building to many different art forms should be a challenge and stimulus to new experiences. That can only happen gradually, however, and perhaps inevitably, given the history of the Alte Oper, the accent in the opening festival weeks is being firmly set on classical music. The three weeks festivities end with jazz and rock/pop festivals, showing clearly the direction Schwab wishes to take, and during the Feste a major art exhibition will be opened concentrating on modern works from 1944 to the present day.

In bringing some of the world's greatest musicians to Frankfurt to join the celebrations of the Alte Oper's reopening Ulrich Schwab is trying to do some catching up on lost time. The lack of suitable facilities has inevitably meant that many of the finest orchestras have by-passed Frankfurt during the post-war years. The city's earlier traditions as an important centre for music are now being renewed with the presence of orchestras such as the Vienna Philharmonic, the Chicago Symphony Orchestra and the Orchestre de Paris.

To mark the opening of the new concert house on the birthday of Goethe, Frankfurt's most illustrious son, the Alte Oper has chosen Gustav Mahler's Eighth Symphony, a seldom performed work of heroic scale fitted to such an occasion. It will be performed by the Frankfurt Opera House and Museum Orchestra under the direction of Michael Gielen with the soloists Faye Robinson, Margaret Marshall, Hildegard Heichele, Ortrun Wenkel, Agnes Baltsa, Hermann Winkler, Richard Stilwell and Simon Estes.

During the opening weeks the Chicago Symphony Orchestra under the direction of Sir Georg Solti will perform works by Bartok and Bruckner, the Vienna Philharmonic under Lorin Maazel will give two performances with works by Richard Strauss, Mozart, Dvorak, Brahms and Mendelssohn-Bartholdy, the Orchestre de Paris under the direction of Daniel Barenboim will perform works by Mozart and Bruckner. Further concerts include appearances by the Concertgebouw-Orchester under Bernard Haitink, performing works by Mozart, Debussy and Shostakovitch. Five concerts are to be given by the London Sinfonietta and a master class will be given for two weeks by Miss Elizabeth Schwarzkopf.

Ulrich Schwab is also anxious to re-establish one of the notable traditions of the old Frankfurt Opera House, its sponsorship of modern music. The Frankfurt Opera in the first decades of the 20th century made a famous name for the premieres of works by composers such as Richard Strauss, Franz Schreker, Paul Hindemith and Ernst Krenek.

An important element of the Frankfurt Feste is therefore performance of new music written during the years that the Alte Oper was no more than the ruined shell. There are world premieres of chamber works by Manfred Trojahn, the Frankfurt composer Kurt Hessenberg, Helmut Cromm, Gerhard Müller-Hornbach, Lothar Lämmer and Rolf Rihm.

The music programme offers the shock of the new as well as the more comfortable familiarity of older works. In the same spirit the Alte Oper is staging during the Feste weeks a challenging art exhibition under the title Phoenix dedicated to developments in the fine arts in the post-war years. The exhibition incorporates not only paintings and sculptures but uses other media such as video, slides, light-shows, and readings to celebrate achievements in art in the years since 1944.

Mozart — several of his works, such as the German language version of Cosi fan tutte were premiered in Frankfurt — and Goethe, have come to symbolise Frankfurt's musical and literary traditions. They are both specially honoured during the three weeks of the Alte Oper's festival with a series of performances reflecting their lives through words and music.

The link to the Alte Oper's future role as a centre for contemporary popular culture is provided at the end of the Feste with jazz and rock/pop festivals. These first occasions are being devoted to musicians from the local Frankfurt scene, but over succeeding months the Alte Oper will increasingly become a venue for international jazz, pop and rock figures including Santana, Dizzy Gillespie, Toots Thielemanns, Fats Domino, Charlie Bird, Barney Kessel and Benny Goodman. Other concerts will highlight the work of political song-writers and singers such as Franz Josef Degenhardt and Dieter Süverkrup.

Schwab appears to delight in the conflicts and contradictions offered by such a programme. He accepts that the Alte Oper can only develop its new personality through trials and tests, and states simply: "To satisfy all in the first move is impossible."

He came to theatre administration from the law and in 1969 at the age of 28 was the youngest qualified lawyer in Munich. His chambers doubled as his bed-sitter flat at the start and the most expensive piece of furniture was the brass plate on the door.

He had always been fascinated by the theatre — studying law only at his parents' behest — but decided early in his career that he was unlikely to make a big breakthrough as actor or director. His theatrical training ran parallel to his law studies, but he managed to gain a first foothold in the theatre by looking at the best corporate structures for running a theatre as part of his doctorate studies. Contacts created by this work led to a job as assistant to the general manager of the Munich Residenz Theater. From there Schwab came to Frankfurt in 1972 as the administrative director of the city's modern theatre complex before moving to the Alte Oper in 1979. He is married to the opera singer Hildegard Heichele.

The Alte Oper's entrance hall has been restored to its original elegance while within, delegates or concert goers will find themselves debating either the micro chip, the next round of pay talks or last night's Mozart.

Modern facilities and classical splendour

OUTWARDLY the Alte Oper has been returned to the classical splendour first conceived in the 1870s by the Berlin architect Richard Lucae. The imposing Italian renaissance facade of French Savonieres limestone has been carefully repaired and restored, while many elements damaged beyond repair or simply missing have been painstakingly reconstructed according to the original plans.

A more bizarre history lies behind the sculpture above the portico, the Quadriga, a span of four panthers drawing Diana in her chariot, which does not belong to Lucae's original building at all. Indeed until recent years it was sitting in a scrap-yard in a Frankfurt suburb where it had been carted from a garden in the nearby Taunus hills. Until the end of the war the panther quadriga had stood a few hundred yards away from the opera house atop the city's main theatre, but from here it disappeared in 1945, only to be found by chance years later in time for the re-buliding of the opera house.

The link between the opera houses's past and present is to be found inside the building in the form of the historical foyer and entrance hall. As the architects of the new building, Braun, Schlockermann and Partners and the engineering firm H. Keilholz make clear: "The chief thought was to preserve or restore the original facade and the foyers, but to construct inside a completely new, modern building."

What parts of the original foyer interior were found during the early excavations were copied in plaster-cast moulds so that they could be reproduced accurately. One of the old mosaic floors has been re-made piece by piece. And as the smoke and dirt was cleared away from what paintings survived, the old colours were recorded so that they too could be faithfully reproduced when the time came for the paintings to be restored.

Beyond the foyer the Alte Oper is a new building owing its inspiration and design to the extraordinary range of functions it will be expected to perform in its new role at the centre of Frankfurt's cultural life.

The main hall, the Grosser Saal, has a seating capacity for an audience of 2500. The acoustics were planned by Professor Heinrich Keilholz, for many years a close associate of conductor von Karajan. His acoustic skills have been employed in countless countries around the world and during his life-time he worked on such famous halls as the Vienna State Opera, the great festival hall in Salzburg, the Deutschlandhalle in Berlin, the Rheingoldhalle in Mainz and the state opera in Hamburg.

The rear portion of the Grosser Saal can be separated by a telescopic partition wall, providing a second room, the Olymp with a seating capacity of 463 which can be used independently from the main hall. The Mozart Saal, designed principally for chamber music has a seating capacity in rows of 700. Together with the Hindemith Saal, these halls can serve many purposes but acoustically are prepared to the standard necessary for concerts, ballets and operaettas.

The foyer of the Alte Oper preserves a feeling of leisured, nineteenth century opulence.

They are supplemented by a series of other conference rooms and salons bearing the names of Humperdinck, Telemann and Mendelssohn, Brahms Liszt, Schumann and Pfitzner. In keeping with the double function of the Alte Oper, the seating has been designed with complete flexibility to allow for arrangements in rows or in parliamentary and banqueting formats.

With the aid of the most up-to-date technology the main concert hall and several other rooms can be transformed to perform a wide array of tasks. The floor of the Grosser Saal can be kept flat for grand occasions such the planned Frankfurt Opera Ball, but the front stage area can be lowered to form an orchestra pit for musicals or can be raised in different sections to form a theatre stage or convention platform. More than half of the floor area of the concert hall can be set at different levels and a stage can also be raised at the rear of the auditorium.

Seating in the main balcony of the concert hall can be set in rows, but the steps can be deepened and broadened providing banqueting space as well as concert seating.

With 16 channels the main hall also offers the electronic equipment of a recording studio, and it can be turned with true versatility into a cinema able to handle 35mm films or into a theatre with stage curtains and lighting.

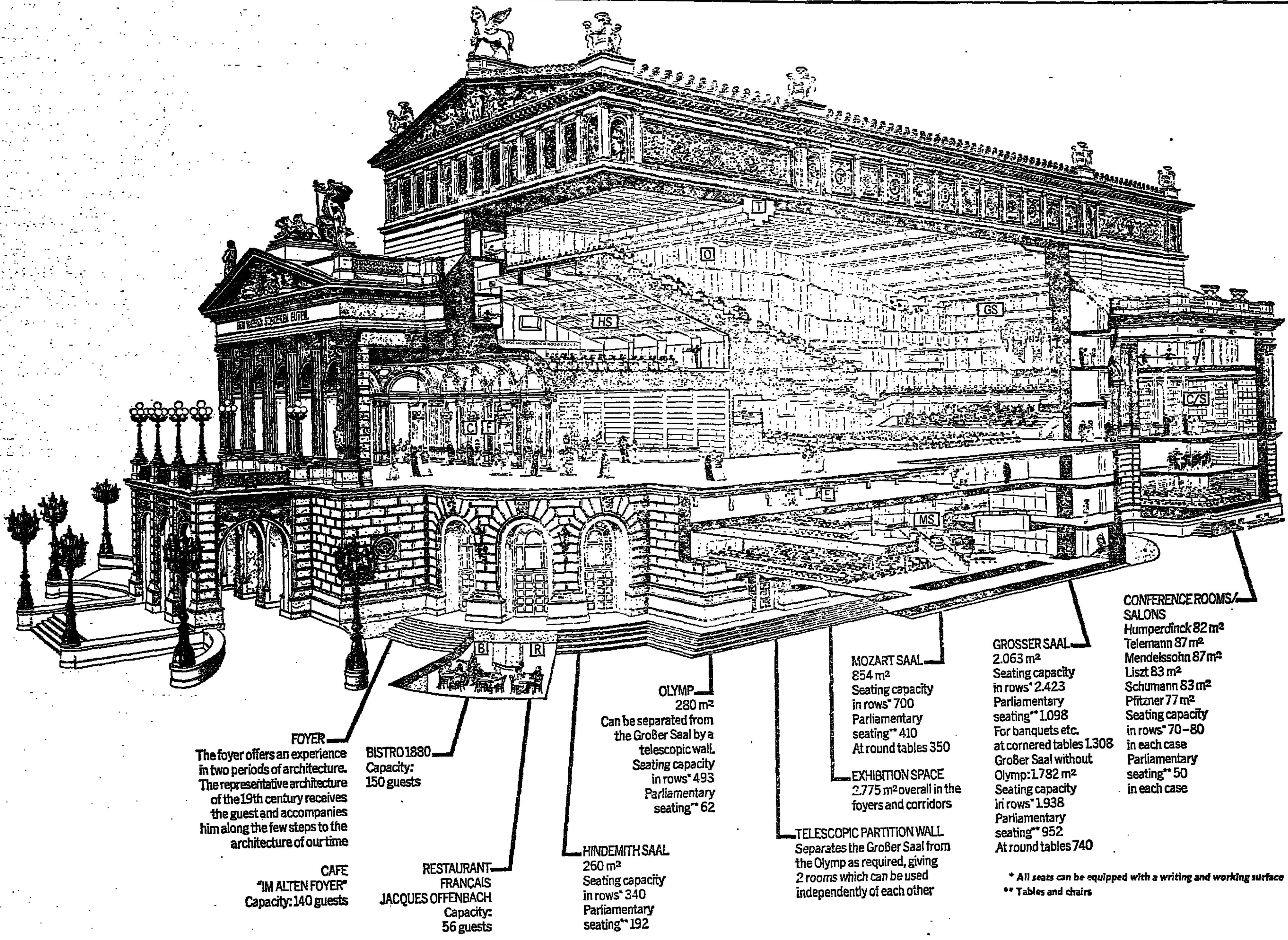
Closed circuit television is available in all six conference rooms as well as in the four main halls. In the Grosser Saal, the Olymp, the Mozart Saal and Hindemith Saal facilities are prepared for simultaneous translation in up to eight languages. Organisations wishing to link the main hall with their own central computer systems can take advantage of rooms set aside for the installation of their own private computer equipment.

Few conventions are complete today without accompanying exhibitions and displays and there are wide areas set aside for this purpose. The Alte Oper is aiming to be a centre for art as well as music and with this in mind the building incorporates nearly 1,500 feet of wall space for exhibitions.

From the central kitchens the catering of the Alte Oper allows it to serve the appetites of up to 1,000 congress guests and catering facilities are offered on all floors. Within the architecture of a more leisured age, the Alte Oper sets out to offer the best that modern design and technology can devise.

هكذا من الأصل

Alte Oper Frankfurt CONCERT & CONVENTION CENTRE Alte Oper Frankfurt



Inspired by popular demand

THE ALTE OPER has been a source of controversy in Frankfurt life for nearly 30 years. Protest groups, citizens' action groups, have become a permanent part of the modern political scene, but the fate of Frankfurt's old opera house ruin called into being one of West Germany's very first popular protest movements.

The building's bombed out shell occupied a prime site in the city centre, ripe for development, and ther was no lack of suggestions from developers for schemes to clear the stones and build multi-storey car parks or hotel blocks. One local *socialist* politician, at the time state economics minister and a later Lord Mayor of Frankfurt, earned the nick-name "Dynamite Rudi" for his offer to make available a million D-Marks from public funds for explosives for any one who would blow up *the opera house remains.*

The first popular movement to urge the city authorities to undertake the rebuilding of the opera house ruin started at the *beginning of the* 1950s and already then it began to attract the support of prominent German citizens. Thomas Mann, the Nobel prize-winning author wrote from exile in the U.S. in 1953 that Frankurters should consider it a duty and a point of honour to save the opera house. Later campaigns started in the 1960s drew the support of Albert Schweitzer, an honorary citizens of Frankfurt, writing from Africa, Professor Otto Hahn, the nuclear physicist and Paul Hindemith, many of whose *compositions* had been premiered at the opera house in the 1920s.

A series of detailed plans were put forward for the re*building* of the ruin nearly all concentrating on its reconstruction as a concert hall but were never realised and the real campaign of local action only got started in 1964.

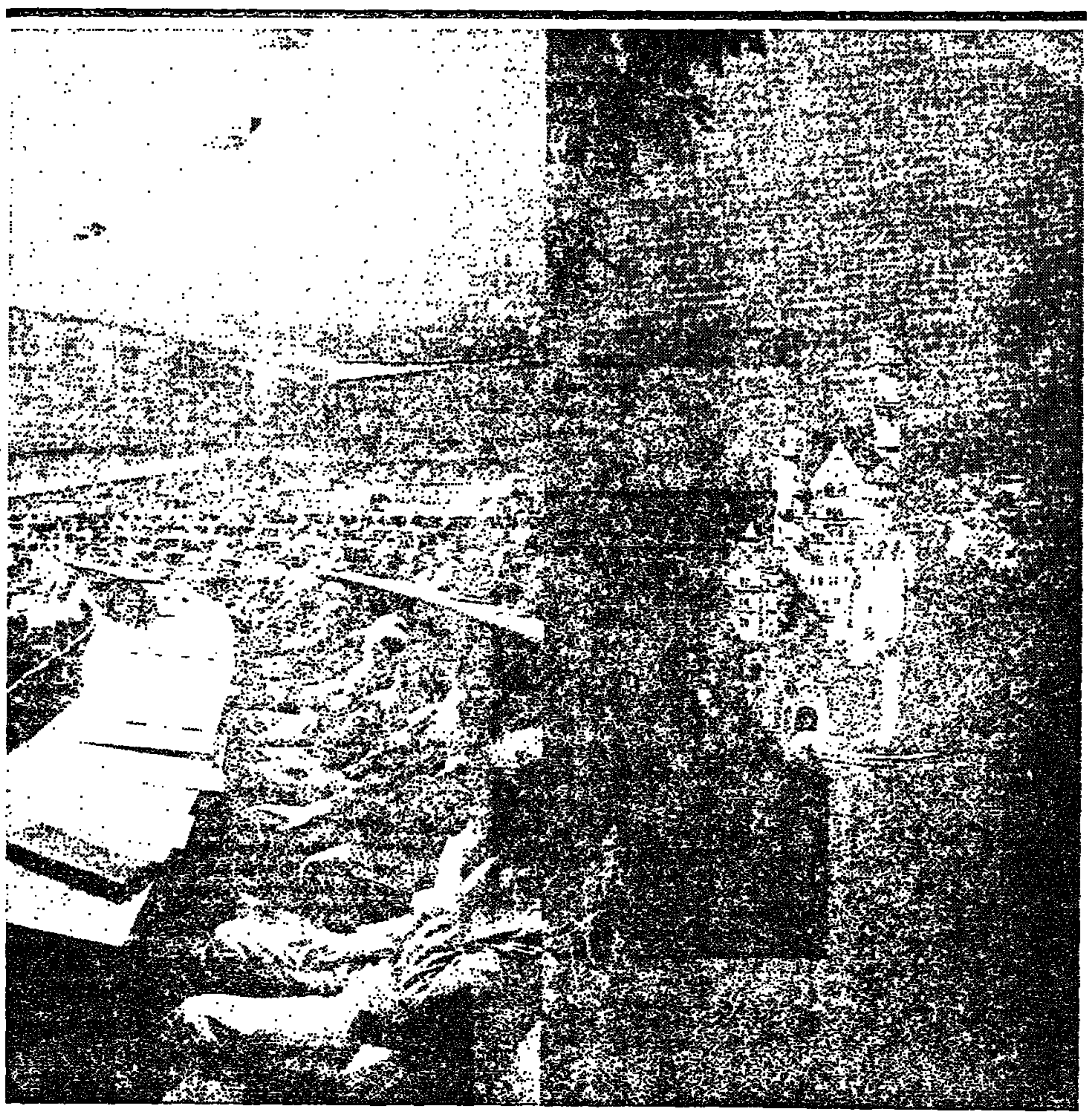
The newly elected president of the Frankfurt chamber of *trade and industry*, Fritz Dietz, a sugar trader, whose family traces its history in the city back to the 15th century, called into being the Opera House Action Group which he describes today as West Germany's first "Bürgerinitiative," its first local protest movement, but a protest that was positively for something and not simply a protest of opposition. Since 1964 the action group has raised the staggering sum of nearly DM 15m.

The authorities of a city that *from the end of the war right* up until 1977 had been a high citadel of Social Democrat power in Germany did not find it easy, however, to accommo*date the idea of devoting public* funds to what some of their supporters probably today still regard as a culture palace for the elite. The most important results of the work of the Opera House Action Group was to show therefore, in the most *practical* way *possible*, *that it* was the mass of the citizens of Frankfurt that wanted and demanded the rebuilding of the old opera house.

The first money was invested by the action group in building measures to ensure the safety and security of the house in 1968 and donations continued to be the main source of financial support for the building work until 1976. Increasingly, however the city authorities worked more and more closely with the action group to define *and plan reconstruction of the* house. In the early 1970s architects and engineers were appointed to start drawing up plans for the rebuilding and *eventually in 1976 the whole* project was finally approved by the city parliament.

The surprising victory of the conservative Christian Demo*crats in the local elections of* 1977 brought some changes to the future role of the Alte Oper—the planned youth centre and community cinema was dropped from the scheme in favour of a concert-room for chamber music, the Mozart Saal—but by *the end of the campaign it was* clear that the action group had assembled behind it the support of all the city's main political parties as well as the support of the population.

Mozart's famous lament about Frankfurt: "the people here are even greater penny pinchers than in Vienna," hardly seems justified.



A region of style and diversity, rich in history

THE CONVENTION visitor to Frankfurt will hardly lack for entertainment or diversions when the serious business of the day is over, and the surrounding region is rich in potential for the organisation of social events and ladies programmes.

With its image as a bustling financial and business centre Frankfurt is hardly thought of as a tourist city. Before its destruction during the Second World War, Frankfurt had enclosed the largest surviving early medieval city in Germany, but fires started by the bombing raged unchecked and uncheckable through the many wooden buildings that had stood for 500 years and more reducing the old town to ashes and rubble.

During the city's dynamic recovery and reconstruction in the early post-war years, much of that medieval past was lost for ever. And yet sufficient remains to remind the discerning visitor that in Frankfurt he is in Germany's Imperial city, the setting for more than 250 years of the election and coronation of the emperors of the Holy Roman Empire, a tradition that ceased only in 1806 with the advance through Europe of Napoleon's armies.

Johann Wolfgang Goethe, the city's most famous son, a universal genius in drama, poetry, science and philosophy, describes in great detail in one of his works, Dichtung und Wahrheit (Poetry and Truth) the sumptuous coronation ceremonies he witnessed as a boy when Josef II was crowned in 1764. Goethe's house in the centre of the old town, the house in which he was born in 1749, was one of the first buildings in Frankfurt to be restored and rebuilt in the post-war years and the city offers fascinating possibilities to go in search of Germany's most celebrated poet.

In its many-sided conflicts and contradictions the Frankfurt of today can well be taken as a truer reflection of modern Germany than any other city of the Federal Republic. Many of its inhabitants find that the attraction of living in Frankfurt lies precisely in this tension between its historical past and this hectic growth of the post-war years, which inevitably has not been achieved without social tensions.

The Alte Oper itself is perhaps a potent symbol of this creative tension that has lain at the heart of Frankfurt's development in recent decades. Certainly it is a powerful landmark in the very centre of the city, built across the old town fortifications, which have been turned into a green ribbon of parks running around the heart of the city.

The visitor in search of relaxation can also find wide scope for entertainment, not only in the city's 12 theatres and its modern opera house, but also in the many interesting pubs, discotheques, jazz clubs and bars. Alongside internationally famous restaurants, Frankfurt also has its own specialty, the apple wine (Ebbelwoi in Frankfurt dialect) found most typically in Alt-Sachsenhausen on the south bank of the River Main which flows through the middle of the city.

Sachsenhausen still has some of the winding streets, small squares—some with fascinating names such as Klappergasse, Affentorplatz and Paradiesplatz—medieval houses and atmosphere of old Frankfurt. An innkeeper in Sachsenhausen is supposed to have been the first to serve alcoholic cider in 1754, and since then apple wine has become popular with millions not only in Frankfurt. Bismarck, for instance, it said to have enjoyed the apple wine of Sachsenhausen, when he was the Prussian delegate to Frankfurt in some of the years following the Congress of Vienna, when the city became the seat of the German Confederation.

In those years of turmoil in Europe, Frankfurt also became the meeting place in 1848-49 of Germany's first national parliament following the revolutionary flare-up of 1848. The dreams of German liberals of an independent nationhood were short-lived, but the scene of that first parliament, the Paulskirche, has survived and with it too something of the long tradition of Frankfurt as a free city, a status it only lost in 1866.

Frankfurt owes much of its modern prosperity to its location at the centre of the Federal Republic, but its position means too that it is within easy reach of some of the most famous and picturesque areas of the country, an ideal centre from which to plan the social and ladies' programmes that are an essential element of the international congress scene.

In less than an hour you can be among the steeply growing vineyards of the Rhine Valley, taking the Rhinegau Riesling route which winds its way through enchanting little wine-growing towns to Schloss Johannisberg, for instance, where 200 years ago the pleasures of the Spätlese, late-harvested wines, were discovered. The wines can be tasted directly in the estate's own tavern.

Further along the road are Oestrich-Winkel with its 350-year-old country inn, Hallgarten, with its fragile terracotta Madonna statue dating from 1420, and the pointed gothic spires of the Valentious church in Kiedrich. The centre of the district is inevitably Rüdesheim on the Rhine, a meeting place in its narrow old streets for friends of wine and song from around the world. Downstream from Rüdesheim is Assmannshausen, known for its excellent red Spätburgunder wines. Rüdesheim is also a good embarkation point for trips along the steep, romantic Rhine valley by steamer.

The boat trip from Rüdesheim to St Goar takes in the most picturesque panorama the Rhine has to offer, the tiny island bastion of Pfalz at Kaub with Gutenfels castle guarding the steep, vineyard-clad slopes and leading eventually past the famous Loreley, the rocky promontory where in Rhine legend a beautiful maiden sat luring young sailors to their ruin.

Those in search of legend will inevitably be drawn too by the best known of all German epic tales, the Nibelungen Lied, not only to the Rhine valley, but also to the mysterious slopes of the Odenwald to the south of Frankfurt. According to legend Seigfried was mortally wounded by Hagen's spear at a well in today's Gras-Ellenbach.

The Bergstrasse, the Mountain Road, runs along the west slope of the Odenwald, enjoying a freak climate where fruit trees blossom earlier than anywhere else in Germany. The Bergstrasse shares with Frankfurt a climate much warmer than other parts of the country, making it a fertile region for fruit, vegetables and asparagus—it even grows tobacco.

The chief jewel of the Odenwald national park is Michelstadt, lying only 73 km from Frankfurt. The town's special charm lies in its nearly 500-yead-old town hall with its picture-book soaring spires and open colonnade, in the many fountains, the castle wine cellar and its 2,000-volume parish library, in the 15th-century church.

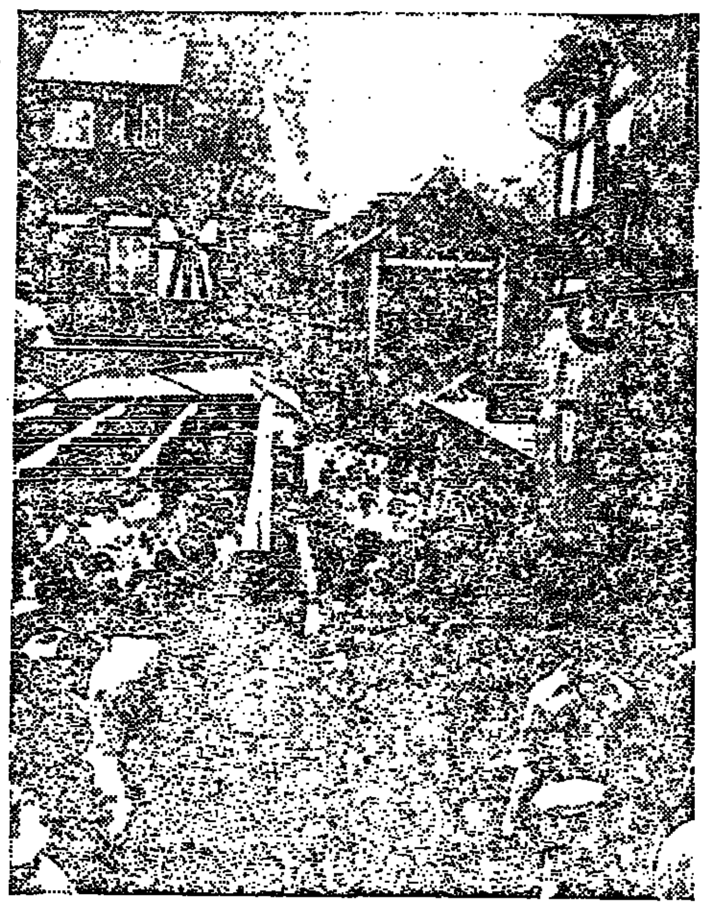
In nearby Erbach, almost forgotten handicrafts are still practised in the old houses, and since 1783 the town has been the centre of German ivory carving. In Bad König, the Odenwald's only spa, manganese iron springs help fight digestive and circulatory disorders.

The region around Frankfurt is a land bubbling with mineral springs, whose health-giving waters were valued even in Roman times. Still today a score of famous watering places cluster along the chain of Hesse's famous spas. One of Germany's loveliest spa towns, Bad Homburg, is only 12 miles north of Frankfurt. Its springs were known to the Romans and ever since it has been favoured by those seeking health-giving mineral waters.

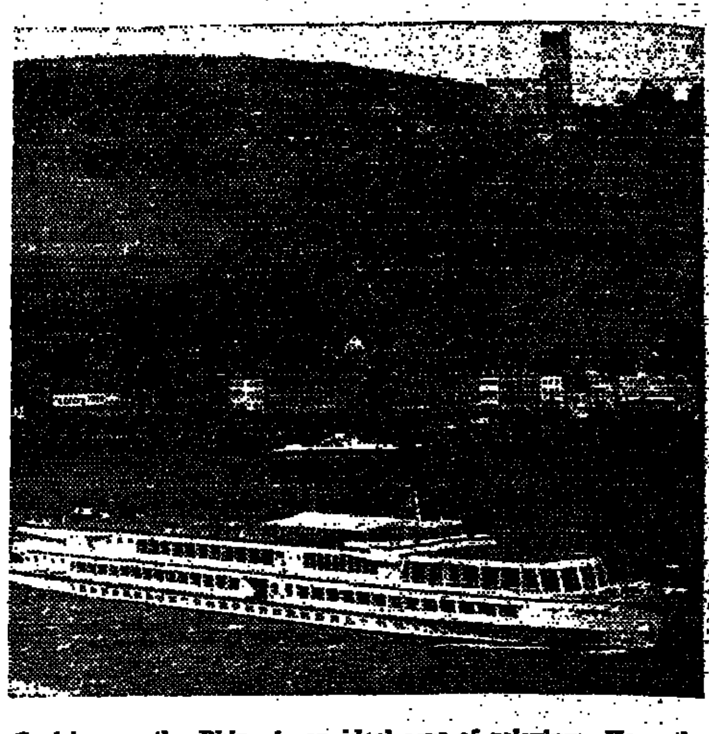
At the turn of the century it was a fashionable rendezvous enjoyed by, among others, the pleasure-loving Edward VII. It is the home, too, of one of the earliest casinos. Monte Carlo may today be the name most associated with roulette, but the French Blanc brothers who founded it in 1866 were previously in Bad Homburg opening its casino in 1841. Near Bad Homburg, at Saalburg, you can visit the best-preserved Roman fort of the 342-mile-long Limes, the wall of fortifications built by the Romans from the Rhine to the Danube.

Frankfurt's convenient location as a base for trips within Germany is perhaps best illustrated, however, by the example of Heidelberg, the much-celebrated old university town on the Neckar River, which is easily reached even by business travellers with little time to spare. The town lies only 53 minutes away by fast train, or 95 km south on the autobahn.

As the oldest university town in Germany it has become a cultural centre of considerable influence. The heart of German Romanticism, Heidelberg, with the outline of its ruined castle and its water-colour skies, has been celebrated for centuries by artists, writers, such as Goethe, Hölderlin and Jean Paul, and visitors alike.



In Rüdesbeim am Rhein street life thrives today in restaurants and wine bars much as it has done for centuries. Its narrow back streets still provide an international meeting place for lovers of food, wine and song.



Cruising on the Rhine is an ideal way of relaxing. Here, the riverboat Austria draws in line with Kaub castle silhouetted against the skyline.

Barget recovers midway to £108,000 surplus

FOR THE first six months of 1981, Barget, furniture manufacturer, achieved a turnround from £178,000 losses to a pre-tax surplus of £108,000, and the company is returning to the dividend list, as anticipated, with a 1p net payment — the first distribution since 1977.

Sales for the period to June 30, expanded from £918,000 to £3.98m and earnings per 25p share are shown as 2.56p, compared with losses of 10.2p.

The directors say they continue to look confidently to the future.

For the 15 months to December 31, 1980, the group incurred a pre-tax loss of £488,000.

They explain that the first half was a period of reorganisation and new development. The company now has three operating divisions, all generating profits, separately managed and financed.

The furniture division has completed its rationalisation programme and the factory is working a 16-hour day producing self-assembly furniture products. The order book, developed among new customers with large requirements, extends well into the year.

Transport methods have been rationalised, with a consequent fall in delivery costs.

The contracting division, formed in late 1980, has started well, and the trading division has also enjoyed a successful beginning, the directors state.

Tax charge is given as £28,000 (nil) and after an extraordinary debit of £16,000 (£19,000) and minorities, £2,000 (nil), the available balance came through at £62,000, against a £197,000 deficit.

Finances have been restructured; a total of 485,000 new ordinary shares were issued and a new £1m medium-term multicurrency credit facility has been negotiated.

Net assets have risen from £466,000, as at December 31 last, to £1.74m at June 30 1981, and a substantial cash balance has been achieved, which will be used for further expansion of the business.

Onerous overdrafts and loans have been removed, directors say, and a new financial management team has been recruited.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Alliance Trust, Scottish Northern Investment Trust, Wagon Finance.

Finals—Brown Brothers, Letraset, Linfood, Raybeck, Second Alliance Trust, Waring and Gillow.

FUTURE DATES

Interims—

Barton	Sept 15
Kode International	Sept 3
Liberty	Sept 25
Royal Worcester	Sept 9
Woodward (H.)	Sept 2

Final—

Diploma	Sept 1

Mixed start for Refuge Assurance

VERY PATCHY business in the first half of the year is reported by Refuge Assurance. New annual premiums in the ordinary branch declined 5 per cent from £2.06m to £1.96m and single premiums by nearly 20 per cent from £282,000 to £231,000.

There was a slightly better situation in the industrial branch where new annual premiums improved by 5 per cent from £5.92m to £6.21m, a better growth rate than the 2 per cent overage for all industrial life business over the period.

The company's venture into the unit-linked life market has met with considerable success, with just over £1m being taken in single premiums since the launch in April of this year.

Premium income in the general branch rose by nearly 10 per cent from £5.04m to £5.52m.

The company is raising its interim dividend by 15 per cent from 3.9p to 4.5p.

Hill and Smith well down: outlook more encouraging

PROFITS OF Hill and Smith dived in the six months to March 31 1981, the pre-tax figure emerging at £97,118, compared with £515,872. Turnover for the period was also lower, falling from £9.59m to £7.01m—a drop of 27 per cent.

Mr Denis Hodgetts, the chairman, warned last March that profits for the first half would be at a reduced level and any significant improvement in the second six months would be dependent on an anticipated recovery in the general level of demand. He said a temporary check to the growth pattern was probable this year.

Commenting on the half year he says that the reduction in profits and turnover was due to very low demands in the steel stockholding and forging divisions, both of which incurred losses.

The fabrication sector maintained its turnover and profits and has continued to operate satisfactorily in the third quarter.

The chairman points out that at the start of the final quarter there were signs of improved demand in steel stockholding and forging—although these improving trends "have started too late to materially affect second-half results."

However, he is confident that the group can show a much better profit performance next year, providing the improvements continue.

The interim dividend is being effectively increased from 0.91p to 1p net after allowing for the one-for-10 scrip and the directors expect to recommend a maintained final in due course. Last year's final was equivalent to 2.2727p and was paid from taxable profits of £1.13m.

After an extraordinary debit of £99,695 gross there was a net loss for the first half of the current year of £2,577 (£515,872 surplus). There was again no tax charge.

The extraordinary debit was costs involved in the closure of four operating units. The figure is grossed as there will be no tax liability on the figures to date.

Hill and Smith's principal activities are steel stockholding, general steel fabrications (including road safety barrier and security fencing and lintels) and drop forging.

Needlers aims for £445,000

PRE-TAX profits of Needlers, chocolate and confectionery manufacturer, improved from £70,014 to £183,082 in the 25 weeks to June 27, 1981, on turnover £0.83m higher at £4.07m.

The directors point out, however, that the profit increase is a reflection of the very poor start the company had to 1980. They expect the second half of the current year to be similar in profit to the corresponding period last year (£262,204), but with margins remaining under pressure, due to intense competition, "this will not be easy to achieve," they add.

The first half profit includes a full six months' contribution from Dickson Orde and Company, against two months in the 1980 figures.

The tax charge was halved to £6,000 after which stated earnings per 25p share improved sharply to 8.7p (2.6p).

There is again no interim dividend—last year a single payment of 2.5p was paid.

Commenting on the results the directors say that despatches from Hull showed an increase in volume of 11 per cent compared with a sugar confectionery industry performance which was barely static.

They explain that this was due to the success of the company's Sensation brand and its backing by TV advertising. Exports also showed a sizable increase.

'FAGS' ARREARS

Antofagasta (Chili) and Bolivia Railway is paying on September 16 dividend of 1.75 per cent on the 5 per cent cumulative preference stock on account of arrears.

This payment will eliminate the arrears of dividend on this stock.

Initial maintaining profitability

At the annual meeting of Initial Services Mr Nicholas Wills, chairman, said turnover for the first four months of the current year had shown reasonable improvement over the equivalent period last year and profitability had been maintained.

In the meantime, expansion by acquisition continued. Terms had been agreed for the purchase of a majority interest in a second contract cleaning company in Holland, Servio, and for buying out the minority interest in the group's German subsidiary Hokatex. Further purchases of contract cleaning turnover had been made in Milton Keynes and Northern Ireland.

All French government approvals for the merger of the group's Paris based subsidiary La Serviette de Toilette Franco-Americaine and S. A. Deoroix had now been granted.

The combination of French managerial skills and Initial's technical expertise should produce a most successful venture, Mr Wills stated.

The acquisition of the processing plant in St Etienne and extension to the Gravigny plant, together with the completion, towards the end of this year and beginning of next year, of the Pont St Maxime plant would give the company the additional capacity it requires.

The group's first involvement in film production, with Clash of the Titans, had been well received by the critics and was attracting good audiences so that a substantial return on original investment was now confidently predicted.

Gross income for the nine months was £5.79m (£6.03m).

Scottish Inv. Trust behind

IN THE nine months to July 31 1981 the Scottish Investment Trust Company slipped from revenue before tax of £5.07m to £4.83m, while total assets at market valuation were up at £190.33m compared with £164.52m.

Net assets per 25p share are given as 200p, 30 per cent up on the 169.3p of a year previously, and 18 per cent higher than the trust's year-end level.

At the six-month stage revenue before tax was £3.09m (£3.14m) and total assets were £182.4m (£134.83m).

The total outstanding foreign currency borrowings at July 31 1981 were equivalent to U.S.$29.9m compared with $37.8m at October 31 1980. As a result of forward purchases of foreign currencies the sterling equivalent of these borrowings is £15.3m.

Hanover Inv. makes £233,000 for year

IN THE year to February 28 1981 Hanover Investments (Holdings)—formerly Sobranie (Holdings)—made taxable profits of £233,348 against losses of £186,129, on turnover £3m lower at £5m.

At the half year stage this group, whose main activities are concerned with laundry and dry cleaning, had already pulled out of loss with pre-tax profits of £202,000 (£1,000 profits).

The final dividend is being maintained at 1.15p net per 10p share making a same again total of 1.85p. Earnings per share are given as 1.9p (4.4p losses) before extraordinary items and as 9.4p (10.3p losses) after them.

Profits before tax were struck after profits from associates of £12,236 (£11,851). Tax took £174,688 (£42,302 credit) and after extraordinary credits of £228,619 (£181,629 debits) the attributable profits emerged at £287,279 (£315,082 losses). Last year there were also minority credits of £10,374.

The directors point out that as known the group disposed of its tobacco licence interests and freehold factory, plant and machinery of the tobacco division during the year. The extraordinary items mainly comprise the surplus on disposal of these assets and the net closure costs.

2nd quarter loss for Simplicity

A TURNROUND to losses is reported by Simplicity Pattern Company of America, the world's leading maker of paper clothing patterns, which proposes to combine with Mr Graham Ferguson Lacey's NCC Energy.

The loss has dragged down profits for the first six months from $5.24m to $1.72m, on sales lower at $42.25m ($43.95m). Earnings for the period are reduced from 38 cents to 13 cents.

Under plans first laid in April but subsequently revised NCC and Simplicity are to be taken over by a newly created holding company which will eventually be 60 per cent owned by NCC, which is roughly 42 per cent owned by Mr Lacey.

However, the plans ran into a snag earlier this week when a group of investment companies around Mr Carl C. Icahn, a U.S. investor, bought an 11.2 per cent stake in Simplicity for $16.57m.

The companies said they would probably vote against the proposals to combine the cash rich Simplicity with the NCC oil and gas exploration concern.

Sound Diffusion cash improves

THE RECENT share issue and placing has enabled Sound Diffusion to acquire the private companies responsible for providing it with service and manufactured items, to pay off nearly £1m of high interest loan and to buy back, from a leasing company, two large blocks of installations which it sold in 1976 and 1977, Mr C. R. Stonor, the chairman, tells members in his annual report.

The acquisition plans were first announced on March 12 this year.

Mr Stonor points out that the net effect of these actions has been to increase the group's cash flow by over £1m per annum and to reduce its ratio of net debt to shareholders' funds to nil.

He adds however, that the beneficial effects of the increased cash flow will not be reflected in the first half of the current year, as the share placing was not carried out until June.

Nevertheless, the chairman is confident that the interim results will compare very favourable with the corresponding period in 1980 because of the "well maintained level of trading experienced to date."

Profitability in the second half "will be very substantially increased . . . . and the first and second half of this year should collectively provide a very satisfactory full-year's profit figure," he adds.

The chairman says that the proven and consistent results which the group is now starting to achieve from two new rental projects launched earlier this year would, if sustained, have a very positive effect on its underlying growth rate over the next two or three years.

A third rental project is about to be launched "which could have an equally positive effect on growth."

As announced on July 11 pre-tax profits of this electronic engineer advanced from £379,000 to £453,000 for 1980. On a CCA basis the figure is reduced to £296,000.

At the year end, fixed assets stood at £6.69m (£6.09m) and shareholders' funds were £5.32m (£5.19m).

For the same reasons as last year the group's auditors, Russell, Ohly and Co., have again qualified the 1980 accounts.

They say because of the wide variations in interest and inflation rates, they are again unable to express an opinion as to whether the directors' assumptions made in assessing the company's future commitments in respect of guaranteed minimum rentals payable as a result of equipment sold in 1980 to financial institutions, are fair and reasonable.

Meeting is at Hove, Sussex, September 25 at 5.30 pm.

PHILIPS

PHILIPS' LAMPS HOLDING
(N.V. Gemeenschappelijk Bezit van Aandeelen Philips' Gloeilampenfabrieken)

Half-Yearly Statement to 30th June 1981

This report combines the consolidated data of N.V. Philips' Gloeilampenfabrieken and those of the United States Philips Trust.

Report on the course of business

Sales in terms of volume in the first half of 1981 were 4% higher than in the first six months of 1980. This increase was achieved in spite of the continued pressure on private and public spending. The growth in the volume of sales lagged behind the productivity improvement. Losses due to unused capacity caused by this discrepancy and the sharp rise in financing costs largely accounted for the picture presented by the results in the first half of the year. Trading profit, profit after tax and net profit showed an increase in the second quarter, compared with the corresponding period of 1980. The first effects of the process of cutting back the surplus capacity are discernible in these figures.

The development of sales in guilders which, on balance, was unaffected by deconsolidations and new consolidations, was largely determined by the rise in the level of proceeds from sales in guilders (12%), in which changes in foreign exchange rates played an important part.

A higher than average sales growth was achieved in the product sector Home Electronics for Sound and Vision, not only as a consequence of the consolidation at 1 February 1981 of the Sylvania/Philco activities, but also as a result of the considerable growth in the sales of small-screen television receivers and the sales growth of video cassette recorders and HiFi equipment. Disregarding new consolidations and the effects of changes in foreign exchange rates, sales in the product sector Industrial Supplies were at practically the same level as in the first half of 1980. The declining market demand for large-screen colour television tubes was offset by an increase in the sales of integrated circuits. Sales in the product sector Products and Systems for Professional Applications developed favourably. The increase in the sales of the product sector Lighting and Batteries was slowed down by the sluggish growth of the building and motor vehicle markets. Particularly as a result of the increase in the level of proceeds in guilders, the sales increase in Domestic Appliances and Personal Care Products was somewhat above the average for the Concern as a whole.

Europe's share in the Concern sales fell from approximately 65% in the first half of 1980 to about 57% in the first six months of this year. The causes of this – apart from shifts resulting from acquisitions and disinvestments – were the effect of the rise in the exchange rate of the US dollar and the partial stagnation in market growth in Europe. Sales fell in the Netherlands because of the declining market. In the geographical area Australia and New Zealand there were clear signs of recovery after some years of declining sales.

The development of trading profit expressed as a percentage of deliveries varied in each product sector. Improvements occurred in the product sectors Domestic Appliances and Personal Care Products and Products and Systems for Professional Applications. Partly due to the fact that cost increases could not be directly passed on in selling prices, the trading profit of the product sector Lighting and Batteries decreased somewhat. As a consequence of such factors as shifts in the product range and the deterioration in the economic situation in some Latin American countries, trading profit in the product sector Home Electronics for Sound and Vision went down. The decrease of trading profit in the product sector Industrial Supplies was largely due to the trend in sales.

In Europe, where costs are in general still increasing sharply, trading profit fell. As a result of the improved export position, the loss in the Netherlands was less than in the first half of 1980. Trading profit in guilders increased in all geographical areas outside Europe.

The item Miscellaneous Income and Charges includes an exceptional item of income due to the sale of part of the activities of Thompson-Hayward.

Stocks as a percentage of sales rose because of changes in foreign exchange rates and the purchase and sale of majority-owned subsidiaries.

The number of employees fell in almost all geographical areas. The major part of the reduction in the workforce, which mainly affected workers classified as industrial personnel, took place in the product sectors Home Electronics for Sound and Vision and Industrial Supplies.

For 1981 as a whole we expect the volume of sales to increase by about 5%, compared with 1980.

Amounts in millions of guilders	1981		1980*	
	2nd quarter	Jan. to June	2nd quarter	Jan. to June
Sales	10,083	19,445	8,632	16,812
Costs	–9,652	–18,552	–8,257	–15,982
Trading profits	431	893	375	830
Interest paid less interest received	–321	–601	–249	–455
Balance of other income and charges	37	60	12	22
Profit before tax	147	352	138	397
Tax on profit	–51	–123	–60	–169
Profit after tax	96	229	78	228
Share in net profit of non-consolidated companies	18	26	12	39
Minority interests	–36	–65	–32	–58
Net profit	78	190	58	209
Trading profit as a percentage of sales	4.3	4.6	4.3	4.9
Profit after tax as a percentage of sales	1.0	1.2	0.9	1.4
Net profit as a percentage of shareholders' equity interest	2.2	2.8	1.9	3.5
Net profit per ordinary share (in guilders)	0.43	1.05	0.34	1.22
Do. on the basis of accounting principles customarily followed in the USA ($1 = f 2.66)	0.86 ($0.32)	2.05 ($0.77)	0.35 ($0.13)	1.24 ($0.47)

At end of June	1981	1980
Stocks (as a percentage of sales in the last 12 months)	35.9	34.1
Average credit period for trade debtors (in months)	2.4	2.5
Liquid assets	1,070	1,252
Total liabilities as a percentage of total capital employed	62.4	63.5
Number of employees (comparative number at 1 January 1981: 372,400)	362,300	380,200
of which in the Netherlands (comparative number at 1 January 1981: 79,200)	77,600	81,600

*Made comparable in conformity with amended Articles of Association as mentioned in the Annual Report for 1980.

In calculating profit and capital employed, allowance has been made for an estimated proportion of those provisions which, as anticipated, will have to be made at the end of the financial year.

Profit per ordinary share in 1981 and 1980 has been calculated on the basis of the number of ordinary shares as at 30 June 1981 and 31 December 1980.

As a consequence of the conversion of the 3% private loan of N.V. Philips' Gloeilampenfabrieken to the amount of f.400 million, the number of ordinary shares increased in this period by 10 million shares.

Assuming conversion of all outstanding convertible debentures, the profit per ordinary share in the January-June period of 1981 calculated on the basis of accounting principles customarily followed in the USA would be 5% lower.

N.V. Philips' Gloeilampenfabrieken
THE BOARD OF MANAGEMENT

Eindhoven, 25 August 1981

Change Wares £0.3m in red

IN THE six months to June 30, 1981 Change Wares, manufacturer of wire products and steel stockholder, incurred taxable losses of £302,000, against profits last time of £17,000, on turnover well down from £9.7m to £6.4m.

However, Mr Harold P. Chaffe, chairman, says strong measures taken to reorganise and rationalise the group's activities are beginning to have beneficial effects, especially major reductions in operational costs.

While the six months showed a loss this is a substantial improvement on the £725,000 deficit in the preceding half year, he says.

The trend is continuing and although the current six months are not expected to produce profits, they should reveal a further significant cutback in losses.

The directors foresee that—as more benefits from the reorganisation show through, coupled with additional improvements being planned—the group should attain profitability next year, providing there is no new downturn in the economy, Mr Chaffe says.

The reduction in turnover is largely due to two factors. The steel strike in the early part of last year led to exceptional demand on steel stockholders, and the closure of the group's woodwork/shopfitting subsidiary which had made substantial losses over three years.

There was no tax charge for the six months (same). Extraordinary debits of £97,000 related to costs of £67,000 arising from the closure of the woodworking subsidiary, further redundancies throughout the group and other items.

Losses per 10p share are given as 17.32p (0.99p earnings). The last dividend was paid in 1979 with a single payment of 0.3p per share.

Sales shortfall cuts SAI profit

THE FAILURE of an expected recovery in sales volumes in the spring reduced pre-tax profits of **Scottish Agricultural Industries**, an ICI subsidiary, from £1.8m to £1.7m in the first half of 1981.

The interim dividend is held at 5.75p net—last year's total was 14.75p.

The directors suggested in March that the outturn for 1981 might be similar to last year's, but pressure on margins has intensified, making this more difficult to achieve.

It had been hoped that delayed ordering and destocking of fertilisers, which had adversely affected sales in the second half of 1980, would bring an increase in sales in the opening six months of this year. But although some increase occurred, it was insignificant.

The pre-tax surplus was struck after depreciation of £0.49m (£0.57m) and interest charges of £0.2m (same)—last year there was a surplus on the disposal of fixed assets of £0.1m.

Earnings amounted to £1.2m (£1.1m) after tax of £0.6m (£0.8m) and £0.1m (same) from Government grants account.

The directors say that in most products, the increase in unit realisations only covered cost increases, and profits did not therefore move in line with inflation.

The fall in sales income, they add, was the net effect of a fall in low-margin grain trading, offset by increases in other areas.

Giltspur to continue expansion activities

IN A STATEMENT accompanying the report and accounts of Giltspur for the year to March 31 1981 Mr Ted Harker, managing director, says the integration of the company into the Unigate group has proceeded smoothly and he foresees no lessoning of its growth.

In fact, he says, Giltspur is just as keen, if not more so, to expand both internally and by acquisition. He points out that the company has a solid tradition of taking in quality companies "which retain their autonomy and entrepreneurial flair whilst benefiting from our financial strength and control."

Mr Harker adds that the group has the support of Unigate in continuing this tradition either in terms of expanding the activities of its existing divisions or of creating new, compatible divisions.

As reported on July 23, taxable profits of Giltspur advanced by £1m to £5.6m in the 12 months to March 31 last. Turnover, however, declined from £99.58m to £87.84m, reflecting the directors' early decision to reduce substantially its interests in motor trading.

The group, an industrial services concern based in Windsor, became a subsidiary of Unigate in January this year.

Paradise tops forecast with £329,000 for year

PRE-TAX PROFITS of **B. Paradise**, the furs and leathers group in which R. and J. Pullman has a 31 per cent interest, totalled £329,000 for the year to April 30, 1981. This compares with losses of £566,000 for the year to January 31, 1980, a further £197,000 deficit in the following three months and a profit forecast of £315,000, made at the time of the rights issue last February.

As anticipated, the dividend for the 15 months is 0.7p. The last payment made was one of 1.05p in 1977.

Referring to the group's performance as "remarkable," Mr A. A. Davis, chairman, says the board is now building on the success of last year and working closely with the management of Pullman, to the benefit of both companies.

Demand for the group's products remains at a high level, and the factories are in full production. While the fall in the value of the pound has increased raw material prices, it should at the same time help export sales. The company has improved its share of the home market and is in a position to take full advantage of any upturn in the economy as soon as it occurs.

Turnover for the 15 months amounted to £5.33m compared with £3.14m for the previous year. Trading profit was £520,000 (£355,000 loss) and interest took £388,000 (£211,000). This left the pre-tax result at £132,000 (£566,000 loss) including the deficit for the first three months.

Tax absorbed £12,000 (nil) and the cost of the dividend was £35,000 from attributable earnings of £120,000 (£575,000 loss). Earnings per 10p share are stated at 5.09p (36.76p loss) and the retained balance was £85,000 (£575,000 loss).

UAC steps up payout after record year

RECORD RESULTS are again reported by UAC, formerly called United Asbestos Cement. Pre-tax profits for the year to June increased by 55 per cent from 17.5m ringgit to 27.3m ringgit ($11.5m).

The company is paying a final dividend of 12.5 per cent and a special dividend of 6.25 per cent making 31.25 per cent for the year, 25 per cent higher than for 1979-80. UAC is also making a one-for-two scrip issue, capitalising 17.5m ringgit from reserves to increase the paid-up capital to 52.6m ringgit. The directors expect to pay a 25 per cent dividend rate on the enlarged capital in future years.

UAC reported buoyant sales for the year, reflecting the boom in the Malaysian and Singaporean construction industry. Both its plants were working to full capacity.

LMI optimistic for growth

Mr C. M. Beddow, chairman of **London and Midland Industrials**, reaffirmed at yesterday's annual meeting that "it was difficult not to be optimistic for growth and continued success in the medium and longer term."

He told shareholders that the directors agreed with the widely held view that the recession appeared to have "bottomed out." While there were no indications of an early upturn, the seasonal pattern of business achievement would vary

The group retained a strong financial position, he said, and was well placed to examine expansion propositions.

It had recently made a significant energy based investment in Thames Oil and Gas, which had been formed with partners to participate in oil and gas exploration in North America.

Lambert Howarth stays in profit first half

IN THE six months to June 27 1981 **Lambert Howarth Group** produced taxable profits of £44,286 against losses last time of £282,518. Turnover was up from £6.11m to £6.63m.

This footwear manufacturer had already returned to profitability in the second half of last year with pre-tax profits for the 12 months of £413,893 (£724,479) on turnover of £16.6m (£15.02m).

The interim dividend is being maintained at 1.15p net per 20p share. Last year a final of 2.91p was paid.

There was no tax charge for the six months (£137,000 credit) leaving attributable profits of £44,286 (£145,518 losses).

The directors say that in view of substantial tax allowances and corporation tax losses available for off-set against the current year's profits, they anticipate that there will be no charge to UK tax in the full year.

There are few signs of improvement in the footwear industry, and the directors will continue to direct their efforts mainly towards cost reduction and improved efficiency, they say.

The reorganisation at Burnley is proceeding as planned, and it is expected that production at Finsley Works will close during September. The remainder of the group's activities are under review.

CONTRACTS

JOHN BROWN ENGINEERING has been awarded a £6m contract by Lummus UK for Esso Chemical. The contract covers the supply of one 35,000 hp mechanical drive gas turbine, a steam turbine helper, all associated gas turbine ducting, pipework and control system for the charge gas compressor unit of the ethylene plant under construction at Mossmorran in Fife.

★

In an order valued at over £1m, British Telecom is to purchase microwave radio links from the Farinon division of the **HARRIS CORPORATION.** With 2 ft parabolic antennas, the microwave radios will be installed on London roof-tops in the first phase of BT's £17m programme to provide the capital's business community with one of the most advanced telecommunications services in the world. To be built by the Farinon division of Harris in San Carlos, California, for delivery by the end of 1981, the order will comprise 80 19GHz digital microwave transmitter/receivers as well as the antennas, spares and test equipment.

★

The Scottish region of **WILLIAM PRESS AND SON** has been awarded a £100,000 contract by British Aerospace Scottish division for the replacement of steam condensate mains in aircraft hangers at Prestwick Airport and approximately 420 metres of 55 mm pipework will be installed.

★

INTERNATIONAL COMPUTERS has received an order for an ME29 computer system valued at over £250,000 from English Industrial Estates.

★

Following the go-ahead for Conoco's North Sea Tension Leg Platform (TLP), **HYDRAULIC SERVICES**, Sheffield-based subsidiary of Lake and Elliot, has been awarded a contract valued at £750,000 to supply 16 800-tonne hydraulic jacks, which will be used to level the TLP's foundation templates prior to pile driving. These templates, when piled, will anchor the platform's vertical tension legs.

★

TOWCO GRATTE has won a contract worth over £1m for building services work at a new office development in Pentonville Road, London, N1. The property is owned by Trafalgar House Developments.

GESTETNER HOLDINGS LIMITED

Capital shares, which will be despatched on or before 28th September to holders of capital shares registered on 14th August, 1981 and which bearer holders should claim as already announced, will be:—

	Ord. cap.	'A' Ord. cap.
Based on an average price of	74.265p	74.265p
For each share held holders will receive	0.024045 of a share	0.024045 of a share

Fractions of new shares will be sold for the benefit of the Company.

U.S. $25,000,000

B

Bergen Bank A/S

Floating Rate Capital Notes Due 1989

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 28th August, 1981 to 30th November, 1981, the Notes will carry an Interest Rate of 19⅞% per annum. The relevant Interest Payment Date will be 30th November, 1981 and the Coupon Amount per U.S.$1,000 will be U.S.$50.92

Credit Suisse First Boston Limited
Agent Bank

LONDON TRADED OPTIONS

August 26, Total Contracts 781. Calls 727. Puts 54.

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	300	24	2	35	3	46	—	312p
BP (c)	320	14	—	25	1	—	—	"
BP (c)	330	—	—	—	—	35	6	"
BP (c)	350	7	1	15	13	—	—	"
BP (p)	320	22	1	27	1	—	—	"
CU (c)	140	30	—	35	—	—	10	165p
CU (c)	160	17	12	19	—	24	10	"
CU (c)	180	6	25	12	1	14	—	"
CU (c)	200	2	—	5	9	7	—	"
Cons. Gld (c)	420	110	6	117	—	130	—	526p
Cons. Gld (c)	460	75	2	87	16	102	2	"
Cons. Gld (c)	500	45	18	70	—	82	1	"
Cons. Gld (c)	550	21	50	45	4	65	2	"
Court'lds (c)	60	5½	—	10½	1	12½	—	63p
Court'lds (c)	70	2	—	5	—	7	4	"
Court'lds (c)	80	½	—	2	18	—	—	"
GEC (c)	750	63	—	97	6	120	—	789p
GEC (c)	800	30	3	63	—	90	—	"
Gr'd Met. (c)	160	41	1	—	—	—	—	199p
Gr'd Met. (c)	180	23	2	33	—	38	1	"
Gr'd Met. (c)	200	10	11	22	27	26	—	"
Gr'd Met. (c)	220	3½	67	11	13	14	5	"
Gr'd Met. (p)	220	28	10	30	—	32	—	"
ICI (c)	250	22	1	36	—	44	—	274p
ICI (c)	280	9	46	23	—	28	—	"
ICI (c)	300	3	29	12	5	17	—	"
ICI (p)	280	15	—	19	1	24	—	"
Mks & Sp (c)	110	29	5	—	—	—	—	134p
Mks & Sp (c)	120	20	2	25	—	29	—	"
Mks & Sp (c)	130	15	—	18	—	23	1	"
Mks & Sp (c)	140	5½	8	9	4	15	1	"
Shell (c)	360	25	6	42	—	52	5	372p
Shell (c)	390	14	11	23	—	32	8	"
Shell (c)	420	6	10	15	1	24	—	"
Shell (p)	390	30	5	34	1	38	—	"
Shell (p)	420	56	—	58	25	60	1	"
		November		February		May		
Barclays (c)	460	27	—	43	1	50	—	455p
Imperial (c)	60	4	6	6½	18	8	—	61p
Lasmo (c)	500	82	15	110	—	—	—	564p
Lasmo (c)	550	52	6	82	—	100	—	"
Lasmo (c)	600	27	30	50	37	67	3	"
Lasmo (c)	650	17	2	30	41	—	—	"
Lasmo (c)	700	5	15	—	—	—	—	"
Lonrho (c)	80	10	—	13	—	14	12	86p
Lonrho (c)	90	4	—	7	10	9½	1	"
Lonrho (p)	90	7½	4	9	—	10	—	"
Racal (c)	420	62	—	80	1	92	—	461p
Racal (c)	460	33	2	55	—	67	—	"
Racal (c)	500	17	9	33	1	—	—	"
Racal (p)	460	23	—	35	5	42	—	"
RTZ (c)	550	67	4	95	—	115	—	580p
RTZ (c)	600	45	3	75	—	85	—	"
RTZ (c)	650	34	4	47	—	—	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$425	6	24	—	—	—	—	$412.50
GOLD C	$450	18	13.50	7	28 A	—	—	"
GOLD C	$525	10	3	—	—	—	—	"
GOLD P	$400	10	10	10	14	—	—	"
GOLD P	$500	—	—	3	85 B	—	—	"
		Oct.		Jan.		April		
ABN C	F.300	10	8	—	—	—	—	F.295
ABN C	F.320	8	2	—	—	—	—	"
AKZO C	F.25	53	1.20	—	—	—	—	F.24.30
AKZO C	F.27.50	150	0.40	20	1.30	55	2	"
HEIN C	F.50	38	1	—	—	—	—	F.48.10
HEIN P	F.50	10	5.40	—	—	—	—	"
HEIN P	F.55	—	—	20	10	—	—	"
HOOG C	F.15	—	—	—	—	10	4.50	F.17
HOOG C	F.17.50	13	1	15	2.20	—	—	"
HOOG C	F.20	40	0.60	89	1	—	—	"
HOOG P	F.17.50	—	—	—	—	40	1.80	"
IBM C	$60	—	—	20	2¼	—	—	$57⅞
IBM P	$60	10	4¼	—	—	—	—	"
KLM C	F.90	10	17.50	—	—	—	—	F.102
KLM C	F.110	13	5.80	—	—	—	—	"
KLM C	F.120	19	3.50	—	—	—	—	"
KLM C	F.130	11	2	—	—	—	—	"
KLM C	F.140	29	1.20 A	—	—	—	—	"
KLM C	F.150	—	—	10	2.80	—	—	"
KLM P	F.80	50	0.90	—	—	—	—	"
KLM P	F.100	15	5.70	—	—	—	—	"
NEDL C	F.150	110	15.50	—	—	—	—	F.157
NEDL C	F.160	46	9.50	20	13.20	—	—	"
NEDL C	F.170	50	5.70	—	—	—	—	"
NEDL C	F.180	166	3.50	—	—	—	—	"
NEDL P	F.150	105	4.50	—	—	—	—	"
NEDL P	F.160	17	8	—	—	—	—	"
NEDL P	F.170	23	15.10 B	—	—	—	—	"
NATN C	F.120	15	4.10 A	—	—	—	—	F.115.50
PHIL C	F.20	80	3	—	—	—	—	F.22.20
PHIL C	F.22.50	211	1.30 A	37	2.60	156	3.60	"
PHIL C	F.25	470	0.50	75	1.50	51	2.50	"
PHIL C	F.27.50	30	0.20	225	0.70	—	—	"
PHIL P	F.22.50	59	1	75	1.60	—	—	"
PHIL P	F.25	30	2.80	—	—	40	3.50 B	"
POLA C	$30	—	—	10	2	—	—	$27¹³⁄₁₆
RD C	F.80	13	9.80 A	—	—	—	—	F.89
RD C	F.90	46	3.50	36	6 A	—	—	"
RD C	F.100	94	1	87	3	14	4.70	"
RD C	F.110	30	0.20	—	—	—	—	"
RD P	F.80	73	1.50	—	—	—	—	"
RD P	F.90	109	5.90	27	7.50	—	—	"
RD P	F.100	107	13	24	15	—	—	"
UNIL C	F.150	50	8	—	—	—	—	F.155
UNIL C	F.160	35	2.60	25	6.50	—	—	"
UNIL C	F.170	—	—	57	2.50	—	—	"
UNIL P	F.160	10	6.70 B	—	—	—	—	"
XERO C	$50	10	⅛	—	—	—	—	$47⅞
		Nov.		Feb.		May		
BOEI C	$30	—	—	10	1	—	—	$24⅞
MANN C	DM.160	10	5	—	—	—	—	DM152

TOTAL VOLUME IN CONTRACTS 3877

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	12 %	Grindlays Bank	‡12 %
Allied Irish Bank	12 %	■ Guinness Mahon	12 %
American Express Bk.	12 %	■ Hambros Bank	12 %
Amro Bank	12 %	Heritable & Gen. Trust	12 %
Henry Ansbacher	12 %	■ Hill Samuel	§12 %
AP Bank Ltd.	12 %	C. Hoare & Co.	†12 %
■ Arbuthnot Latham	12 %	Hongkong & Shanghai	12 %
Associates Cap. Corp	12 %	Knowsley & Co. Ltd	12½ %
Banco de Bilbao	12 %	Langris Trust Ltd.	12 %
BCCI	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank of N.S.W.	12 %	Edward Manson & Co.	13 %
Banque Belge Ltd.	12 %	Midland Bank	12 %
Banque du Rhone et de la Tamise S.A.	12½ %	■ Samuel Montagu	12 %
Barclays Bank	12 %	■ Morgan Grenfell	13 %
Beneficial Trust Ltd.	13 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Bristol & West Invests.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid. East	12 %	Slavenburg's Bank	12 %
■ Brown Shipley	12½ %	E. S. Schwab	13 %
Canada Perm't Trust	13 %	Standard Chartered	‖12 %
Cayzer Ltd.	12 %	Trade Dev. Bank	12 %
Cedar Holdings	12 %	Trustee Savings Bank	12 %
■ Charterhouse Japhet	12 %	TCB Ltd.	12 %
Choulartons	12 %	United Bank of Kuwait	12 %
C. E. Coates	12 %	Whiteaway Laidlaw	12½ %
Consolidated Credits	12 %	Williams & Glyn's	12 %
Co-operative Bank	*12 %	Wintrust Secs. Ltd.	12 %
Corinthian Secs.	12 %	Yorkshire Bank	12 %
The Cyprus Popular Bk.	12 %		
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 10%, and over £50,000 11%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9¼%.
‖ 21-day deposits over £1,000 10½%.

MINING NEWS

Bond bid for Northern Mining going ahead

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S Endeavour Resources, 42 per cent-owned by Mr Alan Bond's Bond Corporation, says that the way is now clear for its bid for Northern Mining to proceed. The last-named company has a 5 per cent stake in the important Ashton diamond joint venture in Western Australia.

Endeavour already has 39.58 per cent of Northern Mining and is offering A$3.64 (226p) per share for the remaining fully paid shares and A$3.44 (214p) for the partly paid. The respective share prices in London yesterday were 210p and 192p. The bid values Northern Mining at A$50m (£31m).

The directors of Endeavour said yesterday: "Having dealt with the inquiries and requisitions of the National Companies and Securities Commission, and having secured the agreement of the board of Northern Mining to the registration of the transfer of the shares (19.82 per cent) acquired from National Mutual, Endeavour is now proceeding with its take-over."

The original Bond offer, via Endeavour, for Northern Mining came in July with the revelation that he was the purchaser of the 19.82 per cent of Northern Mining sold by National Mutual Life Association of Australasia in the previous month. This raised Bond's stake to 39.58 per cent.

Trading in Endeavour was then suspended in Australia by the country's new securities watchdog, the National Companies and Securities Commission because it feared that the market may not have been properly informed. The NCSC had already been investigating dealings in Northern Mining shares in advance of the Endeavour bid.

Meanwhile, it is reported that questions have been raised in the Federal Parliament regarding the possible marketing of the Ashton venture's diamond production by De Beers' Central Selling Organisation.

However, the Rio Tinto-Zinc group's presently 61.1 per cent-owned CRA, which is the leader of the Ashton consortium, has denied that it is about to reach a diamond marketing agreement with the CSO.

Utah and Getty make Chilean copper find

THE discovery of a copper deposit in northern Chile, about 110 miles south-east of Antofagasta, is reported by the joint-venture partners Minera Utah de Chile (a subsidiary of America's Utah International, which is owned by General Electric) and Getty Mining-Chile, a subsidiary of Getty Oil.

Out of 30 holes drilled to date in a 2.3-square-mile area, 22 holes encountered a secondary enriched zone at depths ranging from 350 feet to 1,200 feet, the companies said. The enriched zone ranges up to 460 feet in thickness, with grades ranging from 1.2 per cent to 2.3 per cent copper.

The drill holes are spaced too widely to allow for any reliable tonnage and average grade calculations to be made at this stage. A follow-on intensive drilling programme to delineate the extent of the deposit together with technical and economic feasibility studies are now under way.

Metals Ex nickel mine runs into heavy loss

A REDUCED net profit of A$1.8m (£1.11m) for the year to June 30 compared with A$2.39m a year ago is announced by Australia's Metals Exploration. The dividend is being maintained at 3 cents.

These figures exclude those of the Queensland subsidiary which controls the Greenvale lateritic nickel mine. The latter company suffered a loss of A$8.95m in the past year compared with a profit in the previous 12 months of A$4.28m.

Greenvale's problems have been lower nickel prices, a 19 per cent fall in production of cobalt and a reduced price for the metal coupled with adverse exchange rates and sharply higher fuel costs.

Laterite nickel operations are heavy consumers of fuel and in this case the fuel is oil. The operation is thus in process of converting its ore dryers and boilers to coal firing.

Conversion of the first dryer was completed this month. The second should be converted in October and the boilers in about 11 months' time. It is hoped that these measures will cut Greenvale's oil consumption by about 50 per cent.

British Canadian Resources

The Canadian-registered British Canadian Resources has made a dual-zone oil discovery in St. Landry Parish, Louisiana. British Canadian holds a 25 per cent interest in the oil discovery well, the Hirsch Trust No. 1, through its wholly owned subsidiary British American Resources.

British Canadian is involved in a joint venture agreement with Woods Petroleum Corporation, the operator of the well. The Hirsch No. 1 tested at 158 barrels of oil a day and 93m cu ft of gas a day from the interval between 8,678 and 8,692 ft.

BIDS AND DEALS

'Wait' is the advice from Robert Moss

In response to the proposed offer from Orchard Holdings, the Board of Robert Moss is consulting its financial advisers, and it will write to shareholders setting out its advice as soon as possible following the posting of the formal document.

Meantime, shareholders are advised to take no action on any offer which they may receive from Orchard. The Board intends to invite Mr Murray Mclean to a meeting as soon as possible to seek information on his intentions regarding Moss.

BANK OF CANADA CUTS STAKE IN CAN. & FOREIGN

Royal Bank of Canada (Channel Islands) has sold two thirds of the 14.9 per cent stake it acquired in June in Canadian and Foreign Investment Trust. Last week the trust announced that it had not been able to agree to certain proposals from the bank because of tax problems.

Instead the board is considering unitising the trust. Ahead of a decision on this the bank has chosen to reduce its stake to just under 5 per cent. A 10 per cent holding has therefore been placed with private clients of Kitcat and Aitken, whose senior partner, Mr Nils Taube, is also chairman of the investment trust. In this case, however, he has been acting for the bank.

NO PROBES

The following mergers are not being referred to the Monopolies Commission: Lonrho and 50 per cent of Kuehne and Nagel Group: Ready Mixed Concrete and 49 per cent of Rheinisch Westfalische Kalkwerke: Lex Service Group and Schweber Electronics Corporation.

Halstead expands leisure activities

Halstead Group is expanding its leisure interests by the purchase of Averoy Travel, an operator of summer coach/camping holidays to the South of France. Both are Manchester-based companies.

The purchase price, which is related to Averoy's future profits, is expected to be between £500,000 and £750,000.

Halstead's acquisition will be made by an initial payment of £250,000 cash a further amount equivalent to the whole of the audited pre-tax profit of Averoy for the year ending September 30 1982; a further amount equivalent to half the audited pre-tax profit of Averoy for the year ending September 30 1983.

The contract provides for payment of the whole consideration in cash, although, by agreement between both parties, Halstead could issue shares as part payment.

Averoy specialises in providing low cost coach/camping holidays in locations at St Tropez Bay, Antibes, Hyeres and La Londe. The acquisition represents a further step forward in pursuing the group's established strategy of development in areas where potential for rapid and profitable growth exists. Plans are already well advanced for the expansion of Averoy's activities during 1981-1982.

Croda Australia joint venture with Ashland

Croda Australia Group — part of Croda International — and Ashland Oil Inc. of Kentucky have agreed to a joint venture to be known as Ashland Croda Pty. Croda has agreed to sell Ashland a 50 per cent interest in its wholly owned subsidiary Jordan Chemical Works (Australia) Pty.

Under the terms of the agreement, Ashland will supply expert assistance in the market place for foundry chemicals and will make the latest technology available to the venture. Ashland will also supply engineering technology for Jordan's manufacturing plant and the latest technology emerging from the performance chemical group.

The venture will cover South East Asia and New Zealand, and it is expected to generate considerable export potential. Croda International will provide paint and printing ink resin technology to the joint venture company.

SHARE STAKES

Thomas Warrington and Sons — Espley-Tyas Group has acquired 149,887 ordinary shares bringing total to 455,477 (15.15 per cent).

Globe Investment Trust — On August 26 Coalboard Pension August 26 Coal Board Pension Fund bought 150,000 ordinary. Total holding 29,474,043 (18.07 per cent).

Paringa Mining and Exploration — Apollo International Minerals holds 10,092,029 shares (89.7 per cent).

Murray Caledonian Investment Trust — As a result of purchase of 200,000 ordinary on August 26, National Coal Board Staff Superannuation scheme and the Mineworkers Pension Scheme together with a subsidiary, now jointly hold 7,166,416 ordinary (13.28 per cent).

British Dredging — John P. Adams who has been appointed non-executive, has interests in the company's ordinary shares as follows: Mr J. P. Adams 125,000 beneficial; Mr J. P. Adams and Mrs L. C. Adams 62,500 beneficial: William Adams and Co. (Newport) 125,000 non-beneficial. Total 312,500 ordinary shares (1.89 per cent). Mr Adams is the executive chairman of William Adams and Co. (Newport), which is a wholly-owned subsidiary of Powell Duffryn.

Glasgow Pavilion — Scottish Ice Rink (1928), an associated company of Mr James Glasgow, has acquired 25,000 shares. Holdings of Mr Glasgow and his associated companies now aggregate 212,950 shares (17.73 per cent).

Associated British Engineering —Scottish American Investment has acquired 754,633 shares and now holds 1.11m (6.4 per cent). London Trust Company has sold 298,441 ordinary and now holds less than 5 per cent.

Pengkalen — Straits Trading Company bought 178,500 ordinary and now holds 400,017 (25 per cent).

NCC Energy — NCC Process Systems bought 30,000 Energy Capital at 82p on August 20 and 10,000 Energy Capital at 83p on August 24. Enrique Foster Gittes, director, bought 25,000 NCC Energy at 107p on August 26 and A. Dodd, director, bought 500 at 107p the same day.

Ashdown Investment Trust—Sun Life Assurance Society held 605,000 ordinary (5.56 per cent) as at August 19.

Brooke Bond Liebig—Director D. M. S. Baxter has sold 50,000 ordinary shares.

City of Oxford Investment Trust—Lonmanpen has acquired 15,000 shares, making a holding of 252,500 (6.18 per cent).

Feedex Agricultural Industries —Director J. R. Williams has sold 40,000 shares.

Investment Trust of Guernsey —ICFC (Guernsey) holds 11.3 per cent and Island Properties 6.48 per cent of the ordinary shares.

New Court Natural Resources —Hampton Gold Mining areas has acquired 1,320,000 ordinary and 402,500 rights units, together representing 8.79 per cent of ordinary shares.

Smith and Nephew Associate Companies—Director D. E. Seymour disposed of 23,625 ordinary shares on August 24.

Sumrie Clothes—Harvey M. Ross now holds 658,000 shares (26.32 per cent).

Gill & Duffus acquisition

Gill and Duffus Group has acquired Agra Trading Inc., a Chicago-based commodities futures trading company. Gill and Duffus plans to merge its present U.S. company—Gill and Duffus Services Inc.—with Agra, to provide complete customer commodity services to select clients on a world wide basis.

Agra Gill and Duffus Inc. will have its headquarters in Chicago and will conduct futures business on all major U.S. and UK futures exchanges.

GODSELL

Godsell and Company, international money brokers, has formed a joint venture company with R. F. Arthur and Company, Australian stockbrokers, to expand an already existing money market and leasing operation in Sydney and Melbourne. The name of the new company will be RFA-Godsell Pty.

MATTHEW HALL IN MALAYSIA

The constitution of Matthew Hall Engineering Sdn. Bhd. Malaysia, as an operating company has now been finalised.

The mandatory 30 per cent Bumiputra shareholding will be held by Datuk Abdullah Bin Ali, currently chairman of the Inchcape Group in Malaysia, and his son, Farouk Bin Abdullah, and the remaining 70 per cent is held by Matthew Hall Engineering.

APPOINTMENTS

Racal-Decca Defence managing director

Mr Barton J. Clarke has been promoted to managing director of RACAL-DECCA DEFENCE SYSTEMS (RADAR) and appointed to the board of the parent company, Racal-Decca.

★

Mr D. P. Bower is to become assistant general manager (Life—UK) of NORWICH UNION INSURANCE from December 1, following the retirement of Mr D. R. Spinks after 43 years' service. Mr J. D. B. White will become production manager (life) from the same date.

★

Mr James Grew, who was a member of the Crawford Committee on Broadcasting, has been appointed to the INDEPENDENT BROADCASTING AUTHORITY'S Northern Ireland advisory committee. Mr Grew, of Portadown, is managing director of Abbeycoil Springs. He was a member of the BBC's general advisory council from 1977 to 1980. His appointment to the Northern Ireland advisory committee is until June 30, 1983 in the first instance. He succeeds Mr P. Byrne whose term of service has expired.

★

Three new members have been appointed to the INDEPENDENT BROADCASTIUG AUTHORITY'S Scottish advisory committee. They are:— Mrs Fiona Mackenzie, Stornoway, Isle of Lewis, and a Gaelic speaker; Mr John Munro, Edinburgh; and Mrs Alison Burnett, Sutherland, a member of the Highland and Island Development Board Consultative Council. They are appointed for three years initially.

★

Mr H. R. G. Duckham has been appointed chairman of W. G. HILL (INSURANCE), Lloyds brokers and a wholly-owned subsidiary of Central and Sheerwood. Mr John Kimber has been brought from his position as director of Norman Frizzell (Southern) to be the new managing director.

★

Mr Brian Gifford is the new managing director of DATAPOINT (UK). He takes over from Mr Mike Wagge, who becomes vice-president sales operations of Datapoint (Europe). Mr Gifford was director and general manager of Nexos (UK) from 1979 to 1981, and before that was managing director of Ultronic Data Systems which formed a major part of Nexos. Datapoint (UK), formerly known as Ventek Computers, recently became a wholly-owned subsidiary of the Datapoint Corporation of San Antonio, Texas. Ventek has sold the Corporation's products since its inception in 1970.

★

The BRITISH GAS CORPORATION has appointed Mr David Griffiths as chairman of Eastern Gas with effect from October 1. He succeeds Mr Ralph Stead who retires on September 30.

★

At FOTHERGILL AND HARVEY from September 1 Mr L. Stevens, at present chairman and chief executive will become executive chairman. Mr J. P. Conway, currently deputy chief executive will become chief executive.

★

Mr John Tubb has been appointed chief manager of BARCLAYS BANK INTERNATIONAL's 168 Fenchurch Street branch. He was formerly manager at Union Court.

★

Mr Colin J. F. Hope, a Scottish insurance broker and member of the Scottish Consumer Council, has been appointed to the council of the INSURANCE OMBUDSMAN BUREAU.

★

Mr Alan Brown has been appointed general sales manager for the UK and overseas operations of ALENCO, Barnstaple, a member of the Charterhouse Group.

★

Sir Geoffrey Allen has accepted the appointment of head of UNILEVER RESEARCH from October 1. Sir Geoffrey is currently Professor Chemical Technology at Imperial College, London, and will shortly complete his term of office as chairman of the Science and Engineering Research Council.

★

Mr John P. Adams has been appointed non-executive director of THE BRITISH DREDGING COMPANY from September 1. He is executive chairman of William Adams and Co. (Newport), a wholly-owned subsidiary company of the Powell Duffryn Group.

★

Sir Jeremy Morse has been appointed a director of ICI from September 1. Sir Jeremy, who is chairman of Lloyds Bank, will act as a non-executive director.

★

Mr R. J. McAuley has been appointed managing director and Mr C. G. Draper, Mr J. G. O'Neill and Mr A. Mc Q. Hughes have joined the board of RFA—GODSELL PTY, an associated company of Godsell and Co., money brokers.

BOOSTED BY LARGE EXCHANGE GAIN

Modest return to black at Massey

BY OUR FINANCIAL STAFF

MASSEY - FERGUSON, the Canadian farm equipment group which last month completed a C$715m (U.S.$584m) financial rescue deal, has reported a U.S.$3m net profit for its third quarter, compared with the U.S.$66.2m loss in the three months to July 31 last year.

However the profit was only achieved after a $26.7m gain from currency translations and a $22m profit from the sale of an Italian investment. At the operating level the company posted a deficit for the quarter of $24m.

For the nine months the group net loss was $86.4m against $63m last year, but would have been far deeper but for exchange gains totalling $66.7m compared with losses last time of $48.9m, including $8.4m in the third quarter.

Sales for the quarter of $689.4m against $731.4m took the cumulative total to $1.94bn compared with $2.29bn. Mr Victor Rice, the chairman, however said the figures were distorted by inflation and changes in exchange rates and that in volume terms sales were roughly unchanged from last time.

Of its operations, Mr Rice said: "The most stringent economies continue to be made in all our operations. However, third quarter results were affected by depressed market conditions. High interest rates and, more recently, a drop in commodity prices are holding the lid on pent-up demand for farm machinery."

He also noted that the company has increased its share of the international tractor market in the nine months, a vexed point for its more healthy competitors who are feeling the effects of its aggressive pricing policies, particularly in North America.

Under the refinancing agreed to last month Massey has converted much of its burdensome short-term debt into long-term debt, which has left it with a short-term total of $177m against $1.02bn at October 31 last. The long-term total of $1.09bn is on more attractive terms than the $362m it had outstanding to banks at the end of October, 1980.

It has also exchanged preferred shares for interest arrears under a $275m interest forgiveness programme and has received cash from the sale of preferred stock to its debtors and the Federal and Ontario Governments. More funds from preferred stock sales will flow to Massey in the future.

Interest payments for the last three months are shown at $27m, and $67m for the first nine months. For all of last year interest charges totalled $229.8m and the net loss was $225m.

The company said its working capital stood at $1.11bn at July 31, against $124.3m at the end of its last financial year, as a result of the refinancing.

Massey has declared a dividend on its B preferred shares for the first time since December 31, 1977. The 62.5 Canadian cents a share dividend is for the period from June 30, at which date dividend arrears on the A and B preferred stock were paid in Massey common shares.

First-half earnings soar at U.S. Shoe

By Our Financial Staff

STRONG GAINS by footwear and clothing divisions have lifted profits at U.S. Shoe in the first half of the year. Group profits have previously been divided almost equally between the two divisions but clothing has shown a faster rate of growth this year.

At the end of the first six months ended August 1, net earnings are 64 per cent ahead at $21.8m, or $1.96 a share, on sales up 14 per cent at $496.4m.

The board expects the clothing division, operating earnings of which rose by 54 per cent in the second quarter on a 26 per cent sales rise, to "continue favourably" in the second half.

The footwear division, which lifted operating profit by 25 per cent on sales up 11 per cent, is likely to see improved activity because of higher order rates. New spring sales lines have received "excellent advance approval."

In the second quarter group net profits rose 59 per cent to $12.1m, or $1.09 a share, on sales 16 per cent higher at $253.9m.

Last year, U.S. Shoe, based in Cincinnati and a major manufacturer and importer of men's and women's shoes, earned $33.2m, or $5.55 a share.

Consolidated Foods edges ahead

BY OUR FINANCIAL STAFF

PROFITS FOR fiscal 1981 have fallen a shade below forecast at Consolidated Foods, after a slight check in growth in the final quarter. The Chicago-based company holds the majority stake in Douwe Egberts, the Dutch coffee, tea and tobacco products company.

Total net for the year is 10 per cent up at $140.3m or $4.67 a share, against predictions on Wall Street of earnings around $4.70 a share. Sales gained 5 per cent to $5.61bn.

The directors commented that fiscal 1981 net earnings included a Lifo charge of $11.1m before taxes.

Earnings for each quarter of the year have been restated to reflect the adoption of last-in, first-out accounting for about 22 per cent of is inventories at the year end on June 27.

The restatement increased fourth quarter earnings by 14 cents a share to $1.50, up 18.1 per cent.

Share earnings were reduced by four cents to $1.09 for the first quarter and by 5 cents in each of the second and third quarters to $1.07 and $1.01 respectively.

Pre-tax net profit at the company's consumer packaged foods segment increased to $253.6m in fiscal 1981 from $248m in the previous year as gains in the Hanes Group, specialty meats and other consumer products offset declines in beverages and frozen foods.

Electrolux contributed to an increase of almost 23 per cent in pre-tax net for the consumer direct sales segment to $57.1m, while a drop to $30.7m from $39.3m in food services was due to a poor performance by the Lawsons Convenience Stores.

Shasta Beverages' pre-tax profits more than doubled last year, and Douwe Egberts had a modest increase expressed in Dutch guilders but a substantial decline in dollar-denominated operating net earnings.

Dutch paper group's income dips

BY OUR FINANCIAL STAFF

BUEHRMANN - TETTERODE, the Dutch paper and packaging group which has had two directors resign over the past year, reports a decline of a tenth in net profits for the first half of 1981.

The company says it has been hit by weak demand, cost pressures and mounting competition. Its profits for the half-year are Fl 18.5m ($6.7m) compared with Fl 20.6m.

For the whole of 1981 Buehrmann expects a similar sort of downturn, suggesting that total earnings will emerge at Fl 41.5m, against the Fl 46.2m achieved in 1980.

This forecast represents the third time this year that Buehrmann has attempted to set a 1981 target for profits. In April, it expected higher earnings but was forced to revise this downwards in May to unchanged earnings.

Half-year sales are 6 per cent higher at Fl 1.3bn, while operating profits dropped to Fl 24bn, a decline of 13 per cent. In per share terms profits are Fl 4.99 against Fl 5.65.

Continental Air Lines to lay off employees

By Ian Hargreaves in New York

CONTINENTAL AIR LINES, struggling with heavy losses and attempting to salvage a plan to take the company into employee ownership, yesterday announced that it will lay off 700 workers in the next few weeks.

The Los Angeles-based carrier said it would also be looking for redundancies or other productivity and pay concessions from unionised workers not affected by yesterday's cuts, including Continental pilots who have led the way in promoting the employee ownership plan.

Last week 50 executives at the company agreed to take a 10 per cent pay cut. Continental incurred losses of $34.7m in the first half of this year and is in the middle of a route restructuring exercise started by Mr Alvin Feldman, the Continental chairman who shot himself two weeks ago.

Continental's plans to turn itself into an employee-owned group, itself a device to resist takeover by Texas International Airlines, still looks like a very long shot.

A recent vote by the California State Assembly in favour of the plan has opened the possibility that the scheme will at least have a legal foundation after adverse rulings from the California Securities Authorities and the New York Stock Exchange. The California Senate and the Governor have yet to rule, but are expected to give their backing by mid-September.

If that backing is obtained, Continental will try to persuade its banks to back the plan. The banks pulled out earlier this month, discouraged by legal and financial hurdles facing Continental.

However, time has almost run out for the plan. President Ronald Reagan has until October 13 to rule on the Texas International proposal to take over Continental and has been advised by the Civil Aeronautics Board to approve it.

Elektrowatt lifts profit and plans share issue

By Our Financial Staff

ELEKTROWATT, a Swiss holding company for energy and industrial companies, has reported a net profit of SwFr 29.71m ($25.6m) in the year ended June 30, up from SwFr 22.14m a year earlier.

It also announced a two-stage plan to increase capital by SwFr 55m to SwFr 330m.

In the first stage, shares with a nominal value of SwFr 22.5m would be issued and swapped for shares of three Swiss utilities: Forces Motrices de Laufenbourg, Electricite de Laufenbourg and Forces Motrices de la Suisse Centrale. The shares of the three companies currently are held by Credit Suisse. In addition, shares with a nominal value of SwFr 2.5m would be issued for Elektrowatt's own later use.

In the second stage, the capital would be raised by SwFr 30m through new shares to be offered to current stockholders. These shares would have a nominal value of SwFr 500 each.

The planned capital increase will be proposed to shareholders at Elektrowatt's annual meeting in October. The issuance of the new shares additionally will require approval by Switzerland's securities commission.

Reinsurers face Kuwait refinery fire claim

By Our Financial Staff

THE COSTS of damage to the Shuiabah oil refinery in Kuwait, where a massive fire affecting 11 storage tanks has raged since last week, will fall largely on the international reinsurance market. Although local companies bear the direct insurance risk, the plant has been reinsured, mainly with the International Oil Insurers' Pool in London.

The reinsurance cover was placed by a London brokers panel comprising J. H. Minet, Sedgwick Group and Willis Faber, and spread by the pool among about 45 insurance companies in the UK, France and Norway, and with 30 underwriting syndicates at Lloyd's of London.

Pool managers say it is too early to assess the extent of damage to the plant, although the loss is "significant." The majority of the cost will arise as a result of products lost, rather than damage to plant and equipment, they say.

But it is not yet known how much oil the burning tanks contained, nor how much was pumped out after the fire started. Computerised records are expected to provide these details, and loss adjusters from Toplis and Harding of London are flying to the refinery within a week to begin the assessment.

Union Pacific cuts workforce after freight traffic drops

BY OUR NEW YORK STAFF

UNION PACIFIC, the large diversified U.S. railway company, has laid off almost 2,000 employees during August in response to a sharp drop in freight traffic.

This action can be added to other recent evidence that the weakness in interest rate-sensitive sectors of the economy such as housing and motors, is spreading more generally throughout industry.

Railways, because they are still the main transport system for heavy goods in the U.S., provide a useful indication of the state of the grass roots economy, especially as statistics from the industry are updated weekly.

According to the Association of American Railroads, traffic in the first 33 weeks of 1981 at 575.3bn ton-miles was 0.3 per cent lower than the same period of 1980, which included the sharp second quarter downturn caused by the Carter credit controls crunch.

Another indication of weakness is the association's report on orders for freight wagons, which totalled 1,315 in July, compared with 1,155 in June and 3,393 in July 1980.

The Association says that traffic continues to be quite strong, compared with 1980, in coal, metallic ores, coke and motor vehicles, but stone, grain, food, forest products, petroleum, paper and non-metallic minerals are down.

Union Pacific said it could not foresee any improvement in its own position until October at the earliest.

Pan American appoints Acker as new chairman

BY OUR NEW YORK STAFF

PAN AMERICAN World Airways, which last week sold its hotel chain to Grand Metropolitan of Britain in an effort to fend off a financial crisis, has named Mr C. Edward Acker as chairman and chief executive officer.

Mr Acker, 52, was chairman of Air Florida, the nine-year-old carrier based in Miami. In four years with it he helped turn it from a small instra-state airline with only $7.8m in revenues to an international carrier with sales of $161.2m. Air Florida is one of the fastest growing airlines in the industry and is currently engaged in an attempt to gain control of the much larger Western Airlines.

Although Pan Am had said it was looking for a new chairman, yesterday's announcement came as something of a surprise. It had been thought Mr William Waltrip, who was named president of Pan Am's airline division a few weeks ago, would be given a chance to lead Pan Am through the most difficult period in its history.

Mr Acker said yesterday that he hoped to work in partnership with Mr Waltrip, who remains president of the airline division.

Mr Acker said his philosophy would be to eliminate unprofitable routes.

Mr Acker will have an enormous task at Pan Am, which lost $217.6m in the first half of this year. The company had to sell its hotel to reduce its bank debt.

Bond issue floated for Cities Service

By Francis Ghilès

Two fixed interest dollar Eurobonds were launched last night, the first straight dollar bonds to be arranged this week.

Credit Suisse First Boston is arranging a $150m seven-year bond for Cities Service, the U.S. oil group at the centre of recent takeover speculation and which was to merge with Conoco before bidding pushed Conoco into the arms of Du Pont in a $7.6bn deal. The bond carries a coupon of 17 per cent and will be priced no lower than 99½ and no higher than par.

Union Bank of Switzerland (Securities), meanwhile, has arranged a $100m 16½ per cent bond to 1988 for the European Investment Bank which was priced at par. The borrower has the option to redeem the bonds at 100½ in four years, 100¼ in 1986 and 100¼ in 1987.

Seasoned fixed interest dollar bonds were unchanged yesterday in thin trading.

The EIB is also arranging a SwFr 100m 10-year issue which carries a coupon of 7¾ per cent and has been priced at 100½ per cent through Banque Gutzwiller, Kurz, Bungener. Swiss franc foreign bonds were down by about three-eighths of a point.

In the convertible sector, Daiwa Securities announced a $50m 5 per cent bond to 1996 for Minolta Camera which includes an indicated conversion premium of 5 per cent. Yamaichi Securities, Schroder Wagg, Nomura International and Kuwait Foreign Trading and Contracting Company are arranging a $100m convertible to 1996 for Sanyo Electric which includes an indicated coupon of 5 per cent and a conversion premium of 5 per cent.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday September 14. Closing prices on August 27

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13½ 88	75	87⅝	88⅛	−0⅛	−1¼	16.39
CIBC 14½ 84	185	94½	95	+0⅛	−1	17.04
CIBC 15¾ 86	75	96¼	96¾	0	−1	16.30
CNA 15¼ 86	75	90⅝	91⅛	−0⅛	−1⅞	16.93
CNE 12⅞ 91	100	80⅞	81⅜	−0⅛	−1⅛	16.83
Citicorp Int. Fin. 15 86	150	95¾	96¼	−0¼	−0⅜	16.22
Citicorp O/S 15½ 84	175	97⅝	98⅛	+0⅛	−0⅞	16.42
Dupont Canada 13½ 91	65	87½	88	0	−1⅛	16.05
EEC 14¾ 93	65	89¾	90¼	−0⅜	−1⅞	16.70
EIB 12¾ 89	75	83¼	83¾	−0⅛	−1⅛	16.68
Eldorado 13½ 86	50	89¼	89¾	0	−1⅛	16.64
Elec. de France 13 88	125	85¾	86¼	−0⅛	−0⅜	16.66
Fed. Bs. D. 12¾ 85 (N)	50	86⅞	87⅜	+0⅛	−0⅛	16.68
Fed. Bs. D. 15¾ 84 (J)	40	98¼	98¾	0	−0⅛	16.37
Fin. Exp. Credit 10½ 85	50	81⅜	81⅞	−0⅜	−1⅛	17.41
Finland, Rep. of 9½ 86	100	76⅞	77⅜	−0⅛	−0⅜	17.17
Ford Cr. O/S Fin. 16 84	150	99⅛?	99⅝	−0⅛	−0½	16.17
Ford Cr. O/S Fin. 16 85	150	97	97½	−0⅛	−0⅛	16.97
Gaz de France 13½ 86	80	89½	90	0	−1	16.91
GMAC O/S Fin. 12⅞ 88	100	85¾	86¼	−0⅛	−2⅛	16.51
GMAC O/S Fin. 14¾ 87	100	92¼	92¾	0	−1½	16.82
Gen. Mts. O/S 11¾ 87	100	82⅞	83⅜	−0⅛	−1½	16.27
Genstar 14¾ 91	50	93⅜	93⅞	0	−1⅛	16.04
Hiram Walker 16 86	50	100⅛	100⅝	−0⅛	−1½	15.82
IBM Wld. Trade 12½ 88	200	90	90½	+0⅛	−1⅝	14.91
IBM Wld. Trade 14¾ 84	100	99½	100	0	−1⅛	14.79
IBM Wld. Trade 14¾ 85	60	98⅝	99⅛	+0⅛	−1⅛	15.13
Nat. Bk. Canada 15¼ 84	40	97	97½	0	−0⅛	16.47
Newfoundland 13½ 90	60	86	86½	0	−1	16.58
Nova Scotia 15 91	75	92¾	93¼	0	−0⅜	16.45
Ontario Hydro 13½ 91	100	86½	87	+0⅛	−1¼	16.29
Pacific Gas Elec. 16 88	75	101	101½	+0⅛	−0⅛	15.67
PSNH Int. Fin. 17 86	30	97⅞	98⅜	−0⅛	+0⅛	17.58
Queb. Hy. 13 91 (WW)	100	82¼	82¾	−0¼	−1¼	16.77
Royal Bk. Canada 14 86	100	92¼	92¾	−0⅛	−1⅛	16.39
SNCF 13 91	75	84⅞	85⅜	−0⅛	−1⅛	16.12
Sth. California 14 87	50	93¾	94¼	0	−0⅞	15.62
Sth. California 14¾ 88	50	93⅞	94⅜	−0⅛	−1⅜	16.20
Sven Handlsbk. 13¾ 88	45	88⅛	88⅝	−0⅛	−2⅛	16.72
Swed. Ex. Credit 13 86	75	87⅛	87⅝	−0½	−0⅛	17.25
Swed. Ex. Cred. 15¾ 86	50	95⅞	96⅜	−0⅛	−0⅛	16.93
Toronto-Dom. Bk. 14 84	50	93⅜	93⅞	−0⅛	−0⅛	17.08
Tribune O/S Fin. 14 86	50	91⅝	92⅛	0	−0¾	16.61
Wells Fargo Int. 15½ 84	50	97½	98	0	−1	16.48
World Bank 10¾ 87	300	77⅝	78⅛	+0⅛	−0⅜	16.41
World Bank 14⅜ 86	500	92½	93	0	−0⅞	16.62

Average price changes... On day 0 on week −1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	93⅝	94⅛	−0⅛	−1¾	11.02
Austria, Rep. of 8¾ 92	150	85⅝	86⅛	−0⅛	−0½	10.48
CECA 7⅞ 92	150	84⅜	84⅞	+0⅛	−0⅛	10.29
CECA 10 91	120	97⅜	97⅞	0	−0⅛	10.41
Cll-Honeywell 8⅜ 90	125	84¾	85½	−0⅛	−1¼	11.08
Council of Europe 10 91	100	96⅞	97⅜	+0⅛	−1⅛	10.49
EIB 8½ 90	200	87⅝	88⅛	−0⅛	+0⅛	10.65
EIB 10½ 91	200	97⅞	98⅜	0	−0⅞	10.87
ESCOM 9¼ 87	100	89½	90	0	−0⅞	11.68
Finland, Rep. of 10 89	100	95⅞	96⅜	−0¼	−0⅜	10.72
Iberduero SA 9 90	100	90½	91	−0¼	−0½	10.67
Ind. Bk. Finland 8½ 90	50	87½	88	+0⅛	−0⅛	10.62
Int.-Am. Dv. Bk. 10 91	100	94⅞	95⅜	−0⅛	−0⅛	10.80
Japan Air Lines 8¼ 87	100	89	89½	−0⅛	+0⅛	10.52
Japan Dev. Bk. 7⅞ 87	100	86⅞	87⅜	0	0	10.60
Kobe, City of 8 90	100	84⅝	85⅛	−0⅛	−1⅞	10.70
Midland Int. Fin. 8½ 90	180	88	88½	−0⅛	−0⅜	10.53
Nuclebras 9¾ 88	100	86	86½	0	+0⅛	12.79
OKB 8¼ 92	150	82½	83½	−0⅜	−2⅜	11.00
Oslo, City of 8¾ 90	80	88⅜	89⅛	0	−2½	10.82
Renault Acc. 10⅜ 88	150	96¼	96¾	−0¼	−0⅜	11.72
Venezuela, R. of 9¾ 90	150	93	93½	0	−0½	10.92
World Bank 8 90	700	84⅞	85⅛	+0⅛	−0¼	10.68

Average price changes... On day −0⅛ on week −0⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	90½	90¾	0	−0⅞	7.92
BFCE 6½ 91	100	†93	93½	−0⅛	−0⅜	7.51
Bayer Int. Fin. 5¾ 92	100	†89	89½	+0⅛	−0¼	6.86
Belgelectric Fin. 7¾ 91	100	†98½	98¾	+0⅛	+0¼	7.95
Bergen, City of 6¾ 91	40	97⅞	98⅜	+0⅛	−0¼	7.04
CECA 6¾ 91	80	95¼	95½	−0⅛	−0⅛	7.43
Denmark 5½ 90	80	85⅝	85⅞	−0⅛	−1⅝	8.06
Dome Petroleum 5¾ 91	100	92¼	92½	−0½	−0⅞	6.87
Dome Petroleum 7¾ 90	100	†100¼	100½	−1	−1¼	7.15
Elet. de France 5¾ 90	100	82½	82¾	−0¼	−2	8.01
Eurofima 5¾ 92	80	†95	95½	−3½	−3½	6.36
Finland, Rep. of 5⅜ 90	80	84¼	84½	−0½	−1⅝	8.14
Franc Petroles 6¼ 91	80	91¼	91½	−0⅛	−1⅛	7.78
Genstar 7 91	100	†100	100½	−0½	−1⅝	6.97
Int.-Amer. Dv. Bk. 7 91	100	97¾	98	−0¼	+0⅛	7.31
Japan Dev. Bank 5½ 90	100	93	93½	−0⅛	−0⅜	6.78
Mt. Blanc Tunnel 5⅜ 90	60	84½	85	+0⅛	+0½	7.93
Neweg 5¾ 90	80	91¼	91½	−0½	−1⅛	7.09
OKB 7 93	100	98½	99	−0½	−0⅞	7.15
Oslo, City of 5⅞ 90	80	88¼	88½	+0⅛	−0⅛	7.69
Philips Lamps 5¾ 92	100	86⅞	87	−0½	−0¼	7.01
Swed. Ex. Credit 7¼ 91	75	94⅞	94⅞	0	−1⅛	8.04
Trade Dev. Fin. 6⅛ 90	50	86	86⅛	−0⅜	−2⅞	8.37
Voest-Alpine 5¾ 90	80	85⅝	85⅞	+0⅛	+0¼	8.02
World Bank 6 91	100	89¾	90	−0½	−1⅞	7.52
World Bank 7 90	100	99⅞	100⅜	+0⅛	−0⅛	6.99

Average price changes... On day −0⅞ on week −0⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¼ 91	15	96¾	97¼	0	−0⅛	8.67
Australia 6½ 88	20	84⅞	85⅞	−0⅛	−0⅛	9.53
EIB 7¾ 89	12	93⅜	94⅜	+0⅛	−0⅛	8.87
Finland 6.8 88	10	84⅞	85⅞	−0½	−0⅛	9.83
Finland, Rep. of 8⅝ 87	15	96	97	+0⅛	−0⅜	9.17
New Zealand 8¼ 87	15	96⅞	97⅞	+0⅛	+0⅛	8.96

Average price changes On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	60	†82½	83½	0	−0⅛	15.84
CIBC 13½ 85 C$	60	†90½	91½	0	−1½	16.87
CIBC 11½ 85 C$	60	†84	85	0	0	17.27
Federal Dev. 11½ 90 C$	60	†75½	76½	0	0	16.88
Fst. Can. Inv. 10 84 C$	50	†82½	83½	0	−0¼	18.42
R. Bk. Canada 10 86 C$	40	†82½	84½	0	−2½	15.29
Tordom Cpn. 13½ 85 C$	30	†91	92	0	−0⅛	16.67
M. Bk. Dnmk. 9 91 EUA	25	84⅝	85⅞	0	−1⅛	11.51
SOFTE 8¾ 89 EUA	40	80⅝	81⅜	0	−2	12.26
U. Bk. Nwy. 9½ 90 EUA	18	89⅝	90⅝	0	−1⅛	11.37
Algemene Bk. 10⅜ 86 Fl	60	92¾	93¼	0	−0⅛	12.32
Amro Bank 12 86 Fl	75	98⅞	99⅜	0	−0½	12.22
Heineken NV 10 87 Fl	100	91¼	91¾	−0¼	−0½	12.40
Nat. Nedrlndn. 10 88 Fl	60	93¼	93¾	0	−0⅛	11.45
Ned. Midd. Bk. 10 85 Fl	75	93⅞	94⅛	−0⅛	+0⅛	11.90
Pierson 10⅜ 86 Fl	50	91⅜	92⅞	0	−0⅛	12.68
Rabobank 12 86 Fl	50	98⅛	98⅝	−0⅛	−0⅛	12.44
Air France 14½ 88 FFr	200	89⅞	90⅜	−0⅛	−2⅛	17.80
Bk. America 14½ 86 FFr	250	89⅞	90⅜	+0⅛	−0⅛	17.87
Charb'nages 13⅞ 85 FFr	400	88¼	89¼	0	−0⅛	17.74
EIB 14½ 88 FFr	300	86⅜	87⅜	0	−0⅛	17.65
La Redoute 14⅛ 86 FFr	125	86	87	−0⅛	−0½	19.14
OKB 14 86 FFr	400	87⅞	88⅞	0	−0⅛	17.90
Solvay et C. 14⅝ 86 FFr	200	92⅜	93⅜	+0⅛	0	17.03
Swed. E. Cr. 14⅜ 86 FFr	250	85⅞	86⅞	+0⅛	−0⅞	19.33
U. Mex. Sts. 14 85 FFr	150	86⅝	87⅝	−1⅛	−1⅛	19.01
Acona 14 85 £	20	92½	93½	−0⅛	−0⅛	16.47
Beneficial 14⅜ 90 £	20	83¾	84½	−0⅛	+0⅛	17.31
BNP 13½ 91 £	15	85¼	86	0	−0⅛	16.57
CECA 13½ 88 £	20	88¼	89	−0⅛	−0¼	16.27
Citicorp O/S 13½ 90 £	50	89¾	90½	−0½	−1⅞	15.66
Fin. Ex. Cred. 13¾ 86 £	15	92¼	93	0	+0⅛	16.06
Gen. Elec. Co. 12½ 89 £	50	85¼	86	0	+0⅛	15.84
Hiram Walker 14¾ 86 £	25	93⅛	93⅞	0	−0⅛	16.27
Privatbanken 14½ 88 £	12	90⅝	91⅜	−0⅛	+0⅛	16.82
J. Rothschild 14¾ 90 £	12	92⅝	93⅜	+0⅛	0	15.75
Royal Trustco 14 86 £	12	92⅝	93⅜	+0⅛	0	16.13
Swed. Ex. Cr. 13¾ 86 £	20	92¼	93	+0⅛	−0⅛	16.07
Akzo 9⅛ 87 LuxFr	500	88½	89¾	−0⅛	−0⅛	11.78
Euratom 9¾ 88 LuxFr	500	86¼	87¼	+0⅛	+0½	12.89
Eurofima 10½ 87 LuxFr	500	88¼	89¼	0	−0½	13.27
EIB 9¾ 88 LuxFr	600	85⅞	86⅞	+0⅛	−1	13.11
Volvo 9¾ 87 LuxFr	500	85⅛	86¼	−0¼	−0½	13.24

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	98	98½	18/12	18⅛	17.05
BBL Int. 5 86	0¼	99⅛	99⅝	20/11	18.31	18.43
BNP 5½ 88	‡0⅛	99⅛	99⅝	29/10	18.81	18.98
Christiania Bk. 5½ 91	‡0⅛	98½	99	5/11	19.19	19.43
Citicorp O/S Fin. 84	‡0	99⅛	99⅝	31/8	18⅞	18.99
C. Itoh 5¾ 87	0¼	99¼	99¾	18/9	15.44	15.52
Co-operative Bk. 6 86	0¼	99⅜	99⅞	15/11	19.56	19.64
Den Norske Credit 6 90	‡0¼	99	99½	5/11	19.19	19.33
Genfinance 5¼ 87	0⅛	98⅞	99⅜	30/10	16.94	17.08
Genfinance 5¼ 92	0¼	98⅞	99⅜	30/12	18.31	18.47
Giro und Bank 5¼ 91	‡0¼	98⅞	99⅜	23/9	19.06	19.23
GZB 5½ 92	‡0¼	98	98½	5/9	17¾	17.56
Ind. Bank Japan 5¼ 88	0¼	99	99½	8/10	16.44	16.56
Lloyds Eurofin 8 90 £	0¼	97	97½	6/1	13⅝	14.01
Lloyds Eurofin 5¼ 92	0¼	98¼	98¾	4/12	17.44	17.70
LTCB Japan 5¼ 86	0¼	99⅛	99⅝	13/12	17⅛	17.36
LTCB Japan 5½ 89	0¼	99⅛	99⅝	16/1	18.32	18.43
Man. Hanov. O/S 5¼ 94	‡0⅛	99¼	99¾	30/8	19.06	19.18
Merrill Lynch O/S 87	‡0⅛	100⅛	100⅝	9/11	19.06	18.99
Midland Int. Fin. 5¼ 92	0¼	98¼	98¾	5/12	17⅛	17.44
Midland Int. Fin. 9 91	0¼	98⅜	98⅞	30/10	16.81	17.05
Nacional Fin. 6¼ 86	0¼	98⅞	99⅜	25/1	19⅛	19.42
Nacional Fin. 5½ 88	0¼	97¼	97¾	25/9	14⅞	15.28
Nat. Bk. Canada 5¼ 88	0¼	98⅜	98⅞	24/9	14½	14.30
Nat. West. 5¼ 94	§0¼	98¼	98¾	14/10	16.19	16.45
Nat. West. Fin. 5¼ 91	§0¼	98⅜	98⅞	15/1	18¼	18.38
Nat. West. Fin. 5¼ 92	§0¼	98¼	98¾	23/10	16.81	17.07
Pemex 6 91	0¼	97⅛	97⅝	8/10	15.31	15.73
Societe Generale 5¼ 91	0⅛	98⅞	99⅜	22/1	18⅝	18.79
Sparebanken 6 87	0¼	97¾	98¼	19/12	16.81	17.16
Svenska Hndlsbk. 5 87	0¼	99	99½	15/1	18¼	18.26

Average price changes... On day +0⅛ on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	92	93	0	−0.59
Bow Valley Inv. 8 95	4/81	23.12	100	101¼	−0⅛	22.12
Canon 6¾ 95	1/81	829	†188⅞?	189⅞	+1⅛	4.13
Credit Suisse 4¾ 93	10/79	1235	89	91	0	10.91
Digicon Fin. 8½ 95	10/81	29.5	†106	107	−3½	13.22
Fujitsu 5½ 96	7/81	732	†112¾	113¾	−0½	1.50
Furukawa Elec. 5¾ 96	7/81	300	†122¼	123¼	−0¼	−1.20
Hanson O/S Fin. 9½ 96	8/81	2.74	87½	89	0	3.16
Hitachi Cred. Cpn. 5 96	7/81	1956	†90½	91½	+0⅛	3.47
Ina Overseas 8¾ 2000	4/81	42	†100¾	101¾	0	−1.40
Inchcape 8 95	2/81	4.55	67	68½	+0½	8.21
Marion Int. Fin. 9 95	12/80	15.5	†78½	79½	−1¼	37.89
Mardi 6 96	7/81	931	†89	90	−1½	−0.02
Matsushita El. 7½ 95	11/80	590	89¾	90¾	−0½	1.22
Murata 5½ 96	7/81	2190	†106½	107½	+0⅛	1.95
NKK 6½ 96	7/81	188	†116½	117½	−0⅞	40.49
Ricoh 6½ 95	6/80	604	153	154½	+0¼	0.14
Sumitomo M. Ind. 7 95	2/81	181	†150½	152	−0¼	−0.57
Swiss Bk. Cpn. 6¾ 90	9/80	200	74¾	76¼	−1⅛	36.53
Taylor Woodrow 8¾ 90	1/81	4.94	90⅛	91⅝	+0⅛	3.78
Trasco Int. 8⅝ 95	2/81	86	†78	79	−0⅛	20.89
Tricorp 8½ 95	12/80	31.25	†87	88	+1⅛	20.19
Union Bk. Switz. 5 89	2/80	70.79	72¼	74¼	−0⅛	8.15
Sharp Cpn. 6½ 88 DM	9/80	595	200½	201½	+0½	−1.20
Uny Co. 6½ 85 DM	11/78	879.3	115⅛	116⅛	+0⅛	−2.13

* No information available—previous day's price.

† Only one market-maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Pipe unit boosts German steel group

By Our Financial Staff

MANNESMANN, the West German engineering group, reports an improved profit for the first half of 1981 on a 16 per cent gain in turnover to DM 6.4bn ($2.6bn).

It says the upturn stems from a "better result" in the important pipe-making division together with the benefits of an improved product mix.

Earlier this year the company's major heavy engineering subsidiary, Mannesmann Demag, reported higher half-year sales but said that weak demand threatened to depress profits overall for 1981.

For the full year the extent of Mannesmann's group profit improvement would depend on economic developments, the trend of the D-mark's external value and on the Brazilian cruzeiro's exchange rate against the dollar. The company has important steel and pipe-making interests in Brazil.

Mannesmann says the main impulse for its business in the half year came from abroad while domestic business stagnated, or even declined. The Hartmann und Braun capital goods unit acquired late 1980 from AEG-Telefunken, was included in the sales total. Excluding Hartmann sales still rose by 12 per cent.

Capital spending worldwide rose to DM 265m in the half-year from DM 181m a year ago, primarily because of higher spending in Brazil. But domestic capital spending was also up.

First-half crude steel production rose 2 per cent to 2.21m tonnes. Steel pipe production increased 12 per cent to 1.6m tonnes.

AEG expects to cut loss despite domestic weakness

BY STEWART FLEMING IN FRANKFURT

AEG-TELEFUNKEN, West Germany's second largest electronics and electrical engineering group, expects to reduce slightly the heavy losses it suffered last year in spite of its fears that the outlook for the German economy is unlikely to improve in the next few months.

In an interim report yesterday, in which the company gave no profits figures, AEG indicated that although the weakness of the domestic economy was a continuing burden for the company, overseas sales and orders were helping to prop up its overall performance.

Two years ago the company had to be rescued from collapse by its bankers and institutional shareholders, who pumped in DM 500m ($203m) and wrote down the value of their shareholdings. In that year the company reported losses of DM 968m while it suffered a DM 278m loss last year.

In its interim statement the company says that despite the economic outlook, which is likely to continue to have a depressing impact on its consumer business in Germany, it is expecting to reduce its losses.

In the first six months sales rose by 6 per cent from DM 6.2bn to DM 6.6bn, with increases of 4 per cent in domestic sales to DM 3.9bn and 9 per cent in foreign sales, to DM 2.7bn.

Sales of capital goods—the company makes a wide range of electronics and telecommunications equipment—rose by 10 per cent while sales of consumer goods rose 2 per cent in spite of a fall in sales in domestic markets. This fall was offset by increased export sales.

Results for the year will be affected not only by the course of the economy but also by the further re-organisation and restructuring measures which still remain to be taken.

The company is known to be in need of further finance in order to press ahead with its recovery and, with its heavy debts, the protracted period of high interest rates can be of no comfort.

Salzgitter to stay in red after third quarter loss

BY OUR FINANCIAL STAFF

SALZGITTER, the West German State-owned steel group, has incurred a "heavy" third quarter loss on steel trading and expects to stay deeply in the red for the rest of this year, which ends next month.

The company said that steel trading had been hit by reduced production after the mandatory steel measures introduced within the EEC. At the same time costs had been rising while selling prices were held in check at levels which failed to cover overheads.

Last year Salzgitter, which also has interests ranging from transport and shipbuilding to vehicle production, reported a group loss of DM 85.2m ($34.5m), against a deficit of DM 4.9m. Sales rose by 16 per cent to DM 10.9bn.

Crude steel production fell to 968,000 tonnes in the third quarter, down 10 per cent on the second quarter, while rolled steel production fell 2.7 per cent to 793,000 tonnes.

The performance contrasts strikingly with last year when crude steel production rose to 4.41m tonnes from 4.26m in the previous year. Rolled steel production improved to 3.56m tonnes from 3.40m.

Wereldhave to raise dividend

By Our Financial Staff

WERELDHAVE, THE Dutch property group which is listed on the London stock market, has improved earnings over the first half of 1981 and plans to increase its dividend.

Net investment income for the six months rose by 11 per cent to Fls 12.5m ($4.5m) and net profits "were higher," the company says. At end June, net asset value per share totalled Fl 3.25, a gain of 4 per cent over the level at the end of December.

The interim dividend is going up to Fl 3.25 a share from Fl 3. For last year Wereldhave paid a total of Fl 6.50 after a rise of more than a fifth in net profits to Fl 31m.

Modest half-year setback at Bayer

By Our Frankfurt Staff

BAYER, the most international of the big three chemical groups in West Germany, reports a dip of 3 per cent in pre-tax profits for the first half of 1981. The result is DM 877m ($355m), against DM 903m.

The performance compares with half-year profit declines at Hoechst and BASF, Bayer's two main domestic rivals, of 23 per cent and 7 per cent respectively.

The half year outcome appears to have been in part the result of conflicting trends in domestic and international markets. The parent company, Bayer AG, for example, saw domestic sales revenues in the half year rise by only 1 per cent to DM 2.46bn, while exports increased by 12.6 per cent to DM 4.6bn.

The company points out, however, that in the second quarter its parent company sales rose 4 per cent in the domestic market and 18 per cent in export markets.

The export sales increase, however, is the result of price increases and the impact of the decline of the D-mark.

Earlier this year Bayer had predicted that earnings for the full year would not be lower than in 1980 when the company reported an increase of 11.5 per cent in pre-tax profits to DM 1.56bn.

Schering lifts sales by 20%

By Our Financial Staff

Schering, the West German pharmaceuticals and chemicals group, increased sales and profits for the first half of 1981.

Sales were a fifth higher at DM 1.98bn ($800m) and both operating and pre-tax profits were ahead, the company said in a letter to shareholders.

Turnover is expected to grow more slowly during the current six months, but the profit for the full year "should be satisfactory" in comparison with the DM 78m returned after tax by the group for 1980.

Parent company half-year sales rose by 13 per cent to DM 938m, of which slightly less than two-thirds was accounted for by exports. Schering's major product area is oral contraceptives.

St. Gobain sales up

PARIS—Consolidated sales of Saint-Gobain, the major French industrial conglomerate, increased 21 per cent during the first half of this year to FFr 24.29bn from FFr 20.06bn.

Sales of its major divisions were: pipe and machinery FFr 3.7bn, up 15 per cent; insulation FFr 3.62bn, up 0.5 per cent; flat glass FFr 3.65bn, down 2 per cent; paper FFr 2.5bn, up 2 per cent; containers FFr 2.3bn, up 15 per cent; data processing FFr 2.8bn, up 14 per cent; contracting and services FFr 2.51bn, up 1 per cent.
AP-DJ

Credit Commercial hits Government on nationalisation terms

BY DAVID WHITE IN PARIS

CREDIT Commercial de France, the leading independent commercial bank on the French nationalisation list, has joined battle with the authorities over the level and means of State compensation for shareholders.

In a letter to shareholders, coinciding with a Government committee meeting yesterday on the details of bank nationalisation, M Jean-Maxime Leveque, the chairman, said he had engaged three international accounting firms to assess the value of CCF's shares.

The Government is understood to favour a compensation scheme based on stock market price levels over several years and involving the issue of long-term State bonds in exchange for shares. M Leveque said such a scheme would be contrary to all established take-over rules.

He argued that the base value should be well above stock market levels and be closer to a true evaluation of the bank's worth. He also challenged the use of bonds for payment without shareholders' consent, the principle being that this was required when an exchange of shares or bonds was offered in place of cash.

In a message largely devoted to pleading the anti-nationalisation cause, M Leveque said he had no illusion that the bank would retain its identity after take-over, despite the Government's pledge to maintain competition in the banking sector.

He said that CCF had fallen into the nationalisation net because it had not allowed foreign shareholders—who currently own about 37 per cent of the capital—to build up a majority. Foreign-owned banks are excluded from the take-over plans.

M Lévêque, a former adviser to Gen. Charles de Gaulle, under whom the first wave of bank nationalisation took place immediately after the Second World War, said that take-over of CCF was "unjustifiable" and would be "harmful to the country."

The bank is planning to pay a partial dividend before the end of the year, by when the nationalisation bill is scheduled to be adopted in Parliament.

It has announced an increase of just under 9 per cent in consolidated net profit in the first half of this year compared with the same 1980 period. The earnings figure of FFr 77.9m ($13.2m) came after deduction of the new exceptional bank tax for part of the period and provisions to cover company risks and to increase general reserves.

Deposits in the first half-year were 14.3 per cent up over the first six months of 1980. Lending activity in French francs was only 10.7 per cent up, but in foreign currency it soared by 63.3 per cent.

● Vereinigte Glaswerke, (Velgla), a unit of the French St Gobain industrial conglomerate, is to cut its labour force by 2,000 to 6,500 over the next three and a half years.

Veba down but has confidence for year

By Our Financial Staff

VEBA, the West German energy, chemical and transport group, reports reduced half year profits but is "very confident" about the earnings outlook for the whole of 1981.

On sales up from DM 20.4bn to DM 24bn ($9.7bn) net profits for the half-year fell to DM 152m from DM 185m. The company blamed the continued rise in energy and raw material costs for the setback.

However, managing Board chairman, Herr Rudolf von Benningsen-Forder, was able to offer reassurance to shareholders at yesterday's annual meeting in Dusseldorf. Oil operations continue to give cause for concern but they will not adversely affect the overall result, he said.

Earnings in the chemical division fell in the first half, while capacity utilisation in petrochemical operations declined.

Veba's subsidiary, Chemische Werke Huls, plans to reduce the workforce at its Marl plant near Dortmund by between 1,000 and 1,500 to try to improve its competitive position.

Veba's electricity producing division showed a slightly increased profit in the half-year. Earnings from trade, transport and the services operations remained satisfactory.

The fall in demand for oil products led to a 24 per cent decline in crude oil refining and a drop in distillation capacity utilisation to 58 per cent from 79 per cent

COMPANY NOTICES

ANZ BANK
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
(Incorporated with limited liability in the State of Victoria, Australia)

The National Bank of Australasia Limited
(Incorporated in the Commonwealth of Australia)

Bearer Deposit Receipts

Australia and New Zealand Banking Group Limited and The National Bank of Australasia Limited, the two remaining Issuers under the Bearer Deposit Receipt scheme for Australian Securities, will each cease to be issuers as from 1st March 1982. The Scheme will therefore terminate on 28th February 1982.

Pursuant to Clause 20 of the Memorandum of Conditions and under the terms of Clause 8 on the reverse of the Deposit Receipt notice is hereby given of the termination of all agreements with owners of BDR's.

Options open to owners of BDR's are:-
- *Sale of the underlying shares.*
- *Transfer of the underlying shares to the name of the beneficial owner.*

Owners instructions will be carried out by the Issuing Banks free of all their charges including Australian Stamp Duty on transfer to beneficial owners.

After 28th February 1982 the Issuing Banks have the right to sell all the remaining deposited securities and thereafter their liability will be limited to the net proceeds of sale.

All proceeds of sale will be paid to owners on production of the appropriate BDR but any proceeds not claimed before 1st March 1994 shall be forfeited to the issuing Bank.

Owners are requested to forward their written instructions as soon as possible, and in any event to arrive not later than 26th February 1982, at the Issuer's respective offices, which are:-

Australia and New Zealand Banking Group Limited
Nominee Services,
55 Gracechurch Street,
London EC3V 0BN.

The National Bank of Australasia Limited
Investment Operations Department,
6-8 Tokenhouse Yard,
London EC2R 7AJ.

BANK LEUMI LE-ISRAEL B.M.
NOTICE TO THE HOLDERS OF U.S.$10,000,000 7 PER CENT GUARANTEED CONVERTIBLE BONDS 1984 AND OF U.S.$20,000,000 7 PER CENT GUARANTEED CONVERTIBLE BONDS 1987 OF LEUMI INTERNATIONAL INVESTMENTS N.V. (CONVERTIBLE INTO ORDINARY SHARES OF IS.0.1 EACH OF BANK LEUMI LE-ISRAEL B.M.)

NOTICE IS HEREBY GIVEN to the holders of the above Bonds that Bank Leumi le-Israel B.M. ("the Bank") is making an Issue of —

A series of IS 482,390,950 nominal of 2% subordinated Capital Notes 1987/92 (Series 11), principal and interest being linked as to 90% to the Israel Consumer Price Index and conferring rights to subscribe Ordinary Shares of the Bank ("Notes"). Exercise of the subscription rights in 1987/91 is conditional upon the holder having exercised his right to early redemption; and

A series of 727,936,500 Warrants (Series 12) ("Warrants"). Each Warrant confers the right to subscribe during the period from 15th November, 1981 to 15th November, 1982 one Registered Ordinary Share of IS.0.1 (subject to adjustment) in consideration of the payment in cash of the subscription price of IS 1.20.

IS.156,880,950 nominal of the Notes together with 522,936,500 of the Warrants are being offered by way of rights to the Ordinary Stockholders of the Bank and holders of outstanding securities carrying conversion/subscription rights into Ordinary Shares of the Bank in 10,458,730 "A" Units. Each "A" Unit comprises IS.15 nominal of Notes and 50 Warrants.

Holders of the 1984 Bonds are entitled to subscribe 1 Unit for every U.S.$59.39 nominal of 1984 Bonds and holders of the 1987 Bonds are entitled to subscribe 1 Unit for every U.S.$78.87 nominal of 1987 Bonds. The price per Unit to those entitled to such rights is IS.30 per Unit (components IS.0.30 per Warrant and Notes at par) payable in full on acceptance not later than 12.30 p.m. on 24th September, 1981.

The Bank has applied to The Tel Aviv Stock Exchange for the listing of the Notes and Warrants comprised in the Units as from 27th September, 1981, and of the Ordinary Shares to be allotted upon the exercise of the subscription rights attached to the Notes and Warrants and the said Stock Exchange has given agreement in principle thereto.

The Bank will not apply for listing on The Stock Exchange in London of the Notes or Warrants but will apply in due course for listing of the Ordinary Shares to be issued upon exercise of the subscription rights attached to the Notes and Warrants.

Holders of the above Bonds who wish to exercise their rights must apply not later than 12.30 p.m. on 24th September 1981, for copies of the Prospectus and Application Forms presenting in the case of the 1984 Bonds, Talon No. 4 (detached from their Bonds) and in the case of the 1987 Bonds, Talon No. 2 (detached from their Bonds) with their applications to either of the following Paying and Conversion Agents —

Bank Leumi le-Israel (France) S.A.
30 Boulevard des Italiens.
75009 Paris.
Bank Leumi le-Israel (Switzerland).
34 Claridenstrasse.
CH8022, Zurich

The rights are offered solely pursuant to and in accordance with the provisions of the Prospectus, the form of Warrant Certificate (available for inspection at the addresses of the above Paying and Conversion Agents), this Notice and the Application Forms which last must be duly completed and returned in accordance with the instructions printed on such forms.

The Securities of this issue have not been registered under the Securities Act of 1933 of the United States of America. Accordingly, the "A" Units, the Notes and the Warrants offered and the Ordinary Shares issuable upon exercise of the Notes and the Warrants may not be offered or sold directly or indirectly, in the United States of America (including its possessions and territories and areas subject to its jurisdiction) or offered, sold or transferred [illegible]

Rights Issue whether or not the rights are taken up. Subject to market conditions, the Bank will between 27th September, 1981 and 21st October, 1981, sell securities comprised in the "A" Units the rights to which have not been exercised provided such a sale (which will be effected in Israel shequels) will produce an amount of net consideration for distribution (after deduction of a sum equal to the subscription price of the said Units and the expenses of sale at the rate of 1 per cent of the consideration). Such net consideration will be distributed proportionately among the persons who were entitled to the unexercised rights. If any such amounts become available for distribution to holders of the above Bonds they will receive the equivalent in U.S. Dollars at the representative rate of exchange as published by the Bank of Israel prevailing in respect of 22nd October, 1981. Holders of the above Bonds who do not exercise their rights may obtain the amounts due to them by depositing in the case of the 1984 Bonds, Talon No. 4 and in the case of the 1987 Bonds, Talon No. 2 with either of the Paying and Conversion Agents mentioned above after 22nd October, 1981.
28th August 1981.

M. L. HOLDINGS LIMITED
ORDINARY SHARES OF 25p
7% REDEEMABLE PREFERENCE OF £1
NOTICE IS HEREBY GIVEN that the Transfer Books and Registers of Members will be CLOSED from the 11th September, 1981, to the 21st September, 1981, both dates inclusive.
BY Order of the Board.
A. P. SMITH
Secretary.

J. W. CAMERON & CO. LIMITED
4½%, 6½%, 8½% DEBENTURE STOCKS
NOTICE IS HEREBY GIVEN that the company's Debenture Stock Registers will be closed from the 6th September to the 19th September, 1981, both dates inclusive
By Order of the Board
C. F. PORTER,
Secretary.
Greenbank Offices,
Lion Brewery,
HARTLEPOOL,
Cleveland TS24 7QS.

LEGAL NOTICES

BRISTOW & TOWNSEND LIMITED
(in voluntary liquidation)

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 31st day of October 1981 to send in their names and addresses, with particulars of their Debts or Claims, and the names and addresses of their Solicitors (if any), to the undersigned Richard Eaglesfield Floyd, F.C.A., of Floyd Nash & Co. 218 Strand London WC2R 1DG, the Liquidator of the said Company and, if so required by notice in writing by the said Liquidator, are by their Solicitors or personally to come in and prove their said Debts or Claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated 21st August 1981.
R. E. FLOYD,
Liquidator.

PUBLIC NOTICES

LOCAL AUTHORITY BONDS
CITY OF SWANSEA
£1,200,000 Bills issued date 30.7.81 maturing 28.10.81 at 13½%. Applications totalled £7.8m and there are £1,200,000 Bills outstanding

TRAVEL

FIRST-CLASS FLIGHTS at down-to-earth prices. Get the VIP treatment you deserve from the long-haul business travel experts. 01-499 8173. St James Travel (Air Agents)

ART GALLERIES

MALL GALLERIES. The Mall SW1. Pastel Society 82nd Annual Exhbn. Daily inc. Suns. 10-5. Until 3 Sept. Closed Bank Hol 31 Aug. Adm 50p.

FIELDBORNE GALLERIES. 63 Queens Grove, St Johns Wood. 586 3600. Summer Exhibition.

LEFEVRE GALLERY. 30 Bruton St. W1. 01-493 1572/3. 20th CENTURY WORKS on VIEW. Mon.-Fri. 10-5.

MATHAF GALLERY. 24 Motcomb Street London SW1. Tel 235 0010. Exhibition of Lithographs—David Roberts.

MARLBOROUGH. 6 Albemarle St. W1. 20th Century Paintings and Sculptures—Summer Exhibition. Mon.-Fri. 10-5.30. Sat. 10-12.30. Until 25 Sept.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189 Regent St. 734 0557.

GARGOYLE. 69 Dean Street, London, W1. NEW EROTIC FLOORSHOW "CLOSE ENCOUNTERS" 11-3.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

NOTICE TO BONDHOLDERS
TELEFONOS DE MEXICO, S.A.
US$50,000,000 9½% 1977/1984 BONDS

Pursuant to the provisions of the Purchase Fund, notice is hereby given to Bondholders that during the twelve-month period from August 10, 1980 to August 9, 1981 a principal amount of US$2,375,000 of above-mentioned Bonds has been purchased in satisfaction of the Purchase Fund.
Amount outstanding, US$40,500,000.
The Fiscal Agent
KREDIETBANK S.A. LUXEMBOURGEOISE
Luxembourg
August 28, 1981

THE TOR INVESTMENT TRUST LIMITED
NOTICE IS HEREBY GIVEN that the Registers of the Cumulative Preference Shares will be CLOSED from 11th to 23rd September, 1981, inclusive.
By Order of the Board,
J. TODD,
Secretary.

F.I.B.I. INTERNATIONAL INVESTMENTS N.V.
US$15 MILLION GUARANTEED FLOATING RATE NOTES 1986
The interest rate applicable to the above Notes in respect of the six month period commencing 28th August, 1981 has been fixed at 19½% per annum.
The interest amounting to US$985.83 per note of US$10,000 will be paid on Friday, 26th February, 1982 against presentation of coupon No. 1.
BANK LEUMI (UK) LIMITED
Principal Paying Agent

INTL. COMPANIES & FINANCE

Scrip issue and increased dividend from Sime Darby

BY WONG SULONG IN KUALA LUMPUR

OPERATING PROFITS of Sime Darby, the Malaysian conglomerate, were adversely hit by low commodity prices, but earnings were sharply boosted by gains from the sale of investments, allowing the group to give a marginally better dividend and a scrip issue.

Pre-tax profit for the year ended June was down by 7 per cent to 245m ringgit ($103m) on turnover which rose by 14 per cent to 2.64bn ringgit. Net profit was 122.7m ringgit against 113.7m for 1979-80 owing to a reduced tax charge as well as lower profits going to minority shareholders.

Sime's earnings — equal to 21.65 cents a share against 20.43 cents previously—were boosted by an extraordinary gain of 167m ringgit. This arose from the sale of its holdings in the Guthrie Corporation and Highlands and Lowlands to Permodalan Nasional, the Malaysian Government's investment agency, and the sale of Amoy Canning Corporation in Hong Kong.

Sime is to pay a final dividend of 8.5 cents gross, making 13.5 cents a share for the year compared with 13 cents for 1979-80. The group is capitalising 70.75m ringgit from reserves to make a one-for-four scrip issue. This brings paid-up capital to 354.3m ringgit.

The directors forecast a dividend of not less than 10.8 cents a share on the enlarged capital for the current year, which is equivalent to the payout for 1980-81 on the capital before the scrip issue.

As expected, Sime's plantation division was a drag on earnings, with profits here falling 24 per cent from 145m to 109m ringgit. The blame was put on poor prices for palm oil, rubber and cocoa as well as higher production costs.

Non-plantation interests showed a 15 per cent improvement—gains of over 20 per cent came from the Hong Kong and Asean region, but the Western division, which showed a profit of 400,000 ringgit in 1980, incurred a loss of almost 6m ringgit this time.

Contrasting results were achieved by Sime's two major subsidiaries — Consolidated Plantations and Tractors Malaysia.

Conplant's pre-tax profit fell 25 per cent to 74.7m ringgit. A lower tax charge and an extraordinary gain of almost 35m ringgit from the sale of investments, however, resulted in a final net profit of 88.8m ringgit, against 63.4m ringgit in 1980.

This allowed Conplant to pay a final and special dividends amounting to 11 cents, making an unchanged 18 cents a share for the year.

Sales of palm oil and cocoa were up by 13 per cent and 70 per cent respectively, but these gains were neutralised by sharp falls in the prices of the two commodities.

Tractors Malaysia posted a 12 per cent gain in pre-tax profit to 89.7m ringgit on turnover 6 per cent higher at 673m ringgit. This is a slowdown compared with the robust growth rates of the previous five years, and reflects the depressed state of the timber industry.

Tractors is paying a 27.5 cent final dividend, making 37.5 cents a share for the year against 33.3 cents previously.

Analysts consider that prospects for the Sime group for 1981-82 are uninspiring. Commodity prices are likely to remain weak for the rest of this year, while the performance of Sime's non-plantations interests will be affected by the slowdown in the Malaysian and Asean economies.

Cullinan stages further steady growth

By Jim Jones in Johannesburg

CULLINAN HOLDINGS, the South African manufacturer of refractories, industrial porcelain and bricks, continued the strong growth of recent years in the 12 months to June with operating profit rising to R20.7m ($21.8m) from R14.1m previously on turnover up from R76.3m to R121.3m ($128m).

The group says that good trading conditions continue, but in line with current economic trends, a period of slower development is expected for the current year. All sectors of the company, however, continue to trade satisfactorily

Cullinan has added to its brickmaking capacity with the new production facilities coming on stream in 1980-81. The electrical division, which makes porcelain and metal products for power transmission, acquired two new operating subsidiaries.

A total dividen dof 36 cents a share has been declared from LIFO (last in—first out) adjusted earnings of 109.6 cents a share. LIFO adjusted earnings for 1979-80 were 83 cents a share and the total dividend was 27 cents a share.

Brambles Industries pays more from record profits

BY GEORGE MARSHALL IN SYDNEY

RECORD RESULTS for the eighth successive year are reported by Brambles Industries, the diversified Australian transport group with net earnings rising 29.8 per cent from A$18.28m to A$23.72m (US$27m) in the year to June 30.

The directors have again raised the annual payout to shareholders, declaring a final dividend of 7 cents a share, compared with 6.5 cents last year. This lifts the total distribution from 12 cents to 13.5 cents a share on capital increased last August by a one-for-10 issue.

Growth in turnover failed to match the profit improvement, rising 15 per cent from A$288m to A$331m (US$ 378m).

Sir John Marks, Bramble's chairman, said: "The result justifies the strategies adopted." and that these would be followed with greater effort in the current year.

Dividend income in the 12 months was A$4.5m against A$3.9m, with the UK operations accounting for A$1.4m of the total. Earnings per share were 30 cents, compared with 26.6 cents.

The result excluded an A$20.1m extraordinary profit, against A$2.8m, the bulk of the gain flowing from the sale of its shareholdings in Ampol Petroleum and Acmil, the building products group.

The result was after A$10.78m tax, compared with A$8.05m, together with A$23.71m of depreciation (A$18.24m) and A$8.03m of interest charges against A$6.11m previously.

National and overseas divisions performed strongly and on target, it was said, with the only downturn posted by the refrigerated shipping container division mainly because of the troubles of a Japanese shipping group.

The market areas into which Brambles has directed its attention showed growth, both in terms of earnings as well as being responsive to innovation and development, Sir John said. The past year had been characterised by further heavy capital expenditure to meet the demand of the resource boom. Twice in the 12 months the company went to its shareholders for more funds. In August 1980 it tapped stockholders for A$10.2m and this June it sought a further A$20m.

Ashok Leyland plans expansion

BY K. K. SHARMA IN NEW DELHI

ASHOK LEYLAND, the Indian motor vehicle manufacturer which is 50.6 per cent owned by BL of the UK, has obtained a loan of $28m from the International Finance Corporation, the associate of the World Bank, to go with a £20m financing arranged with the UK Export Credits and Guarantee Department. Both facilities run until 1994.

The IFC loan follows the recent announcement by the Indian Government that it would encourage private sector companies to borrow from institutions such as the IFC to back their investment plans.

The two credits, related to machine tools, will provide the foreign exchange components for Madras-based Ashok Leyland's plans to invest a total of Rs 2.7bn ($300m) to increase its annual production of 13,000 commercial vehicles a year to some 40,000 by 1986.

The investment programme involves increasing capacity of the company's plant at Ennore, Tamilnadu State, and the establishment of three new units at Hosur in Tamilnadu, Bhandar in Maharashtra, and Alwar.

Ashok Leyland also plans to set up an assembly plant in Sri Lanka which will turn out 1,000 vehicles a year, at a cost of Rs 100m, with Ashok Leyland taking a 40 per cent share in the capital. The company also is negotiating to set up a small plant in Mauritius at a cost of Rs 40m to assemble about 500 vehicles a year.

The company's turnover was Rs 2.33bn last year, and is expected to increase to Rs 3bn this year, of which Rs 250m will be accounted for by exports. Export markets include Sri Lanka, Zambia, Tanzania, Nepal and Zaire.

This announcement appears as a matter of record only

OK
Oljekonsumenternas förbund,
ekonomisk förening

US$ 65,000,000
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Sparbankernas Bank
Bank of America NT & SA
Chemical Bank
Midland Bank Limited
National Bank of Canada
The Northern Trust Company
PKbanken
Scandinavian Bank Limited
Skandinaviska Enskilda Banken
UBAF Bank Limited

Agent
Skandinaviska Enskilda Banken

August, 1981

CSR

STRONG GROWTH IN PROFIT FOR CSR

Highlights from CSR Limited's Annual Report for year ended 31 March 1981.

The CSR group consolidated profit before tax and minority interests was $US231 million up 43% on the previous year. Earnings after tax and before extraordinary items were $US131 million, 45% more than last year. Earnings per share on issue at year end rose by 19% to 50 US cents per share. A final dividend of 10.5 US cents per share was paid, bringing the total dividend for the year to 21 US cents per share. After allowing for the April 1980 1 for 5 rights issue, the dividend payout per share for 1981 represents an effective increase of some 9% compared to the previous year.

	1981 $US million	1981 on 1980 % increase
Group revenue	2131	+35
Profit before tax	231	+43
Profit after tax	131	+45
Extraordinary items	18	
Issued Capital (at year end)	302	+22
Shareholders' funds (at year end)	1244	+24
Total assets	2680	+12
Return on shareholders' funds (at year end)	10.5%	

Summary by operating divisions

	Sales $USm	Profit after tax $USm	Return on year end shareholders' funds %
Sugar	791	68	23.0
Energy	604	18	3.0
Aluminium and chemicals	197	12	35.1
Minerals	176	7	9.6
Building materials	354	26	10.9

OPERATIONS
- Profits from sugar milling more than doubled due to higher export prices and increased production.
- Coal production from CSR managed mines exceeded 7 million tonnes.
- Higher profits were earned from gas and oil operations and contract drilling.
- The contributions from sales of bauxite, alumina and tin increased strongly.
- Profits from iron ore improved.
- Earnings from building materials increased and most product lines recorded higher sales and profits.
- Profits from pastoral properties, industrial chemicals and copper were down on last year.

THE FUTURE
Priority is being given to expanding existing operations and to bring into production several major resource projects already identified.
Good progress has been made on new projects.
- Construction of the Tomago aluminium smelter in NSW (17.5% CSR) began in April 1981 and production from the first stage is planned for June 1983.
- The Drayton steaming coal project in NSW (44% CSR) has now been fully committed and site construction is expected to commence shortly. First shipments are expected in 1983.
- Construction of the Yarrabee semi-anthracite mine in Queensland (100% CSR) is well advanced. Shipments are due to start in 1981.
- Prospects of committing the Theodore steaming coal project (60% CSR) and Hail Creek coking coal project (44% CSR) this year in Queensland are encouraging.

Work is proceeding on a number of other prospects including: ethanol from agricultural products; coal conversion in the Latrobe Valley, Victoria; possible aluminium smelters in Western Australia and New Zealand; iron ore at Yandicoogina, Western Australia; mechanical pulp in New Zealand and oil shale at Julia Creek, Queensland.

Exchange rate $A1 = $US1.1660

CSR Limited
1 O'Connell Street
Sydney Australia

CSR517

Israel Discount Bank Limited

Head Office:
27/31 Yehuda Halevi Street, Tel-Aviv

Condensed Consolidated* Balance Sheet as at 30th June, 1981

Assets	US Dollars*** (in thousands)
Cash and due from Banks	4,084,039
Government and other securities	682,850
Deposits with and loans to the Israel Government	1,610,368
Loans, Bills discounted and other accounts	2,205,948
Bank premises, other property and equipment	40,865
Customers' liabilities	373,017
Total Assets:	**$8,997,087**
Liabilities	
Deposits	6,435,206
Government, Banks and other deposits for granting of loans	1,227,488
Debentures issued by Subsidiaries	700,233
Other accounts	58,181
Liabilities on account of customers	373,017
Total Liabilities:	**8,794,125**
Capital Accounts	
Capital Stock, Reserves and Surplus	111,761
Minority interest	18,803
Convertible Debentures issued by Subsidiary Company	322
Capital Notes**	72,076
Total Capital Accounts:	**202,962**
Total Liabilities and Capital Accounts:	**$8,997,087**

**Including Barclays Discount Bank Limited, The Israel Development and Mortgage Bank Limited, The Mercantile Bank of Israel Limited, The Discount Bank for Industrial Finance Limited, Manpikim—Discount Bank Issues Corporation Limited, Israel Discount Bank of New York and Discount Bank (Latin America), Montevideo.*

***Including Unsubordinated Notes (US Dollars 30 million).*

****This condensed statement has been arithmetically translated from Israel Shekels into US Dollars at the exchange rate prevailing on 30th June, 1981, IS11.68=US$1.00 for the convenience of the reader.*

Over 240 Branches throughout Israel.
UK Representative Office: 88 Duke Street, London, W1.

CURRENCIES, MONEY and GOLD

$ & £ quiet

Dollar was slightly improved on the day against major currencies when foreign exchange trading finished in London yesterday, but the U.S. currency was showing a downward trend at that time following news that Marine Midland Bank had cut its broker loan rate to 18 per cent from 19 per cent. Slightly earlier the dollar had tended to improve when New York and Chicago began trading, but the market was generally very quiet throughout the day. The approach of the long holiday week-end in the UK, and the end of the month contributed to the lack of turnover, while the market also remains very nervous about future interest rate trends.

Sterling moved within a very narrow range, in common with other major currencies.

European currency trading was also quiet, but the French franc improved within the European Monetary System.

DOLLAR — trade-weighted index (Bank of England) was unchanged at 111.9. The U.S. unit rose to DM 2.4765 from DM 2.4710 against the D-mark; to FFr 5.93 from FFr 5.9025 against the French franc; and to Y231 from Y230 in terms of the yen. It was slightly easier at SwFr 2.1450 compared with SwFr 2.1475 against the Swiss franc.

STERLING — trade-weighted index (Bank of England) was unchanged at 91.4, after standing at 91.3 in the morning and at noon. The pound traded within a narrow range of $1.8360 to $1.8450, before closing at $1.8410-1.8420, a fall of 30 points on the day.

D-MARK—The most consistently strong member of the European Monetary System, despite a softer against the dollar. It fell sharply to a five-year low against the U.S. currency before a wave of dollar sales improved the situation. But expectations that U.S. interest rates will remain high for some time to come has once again led to a strengthening of the dollar against the D-mark and other major currencies — The D-mark showed mixed changes at the Frankfurt fixing, improving the dollar, sterling, Swiss franc and Japanese yen, but weakening against several EMS currencies. The Bundesbank sold $25.45m when the dollar was fixed at DM 2.4707, compared with DM 2.4875, but probably did not intervene on the open market. A easier trend in Euro-dollar rates was said to be behind the dollar's fall, but it staged a partial recovery in the afternoon to around the DM 2.48 level. Sterling fell to DM 4.5480 from DM 4.56 at the fixing, but improved to DM 5650 later in the day. Among EMS currencies the French franc was firm, rising to DM 41.81 per 100 francs from DM 1.72 at the fixing.

FRENCH FRANC—Trading at a comfortable level within the EMS, despite persistent rumours of a devaluation of the currency. The firm level of U.S. interest rates has pushed the franc near the lowest level for over 20 years against the dollar, but it has shown a slightly firmer tone recently — The franc gained ground against its EMS partners at the Paris fixing, and also improved against the dollar, sterling, Swiss franc and Japanese yen. The dollar fell to FFr 5.9240 from FFr 5.9625, and continued to weaken to around FFr 5.9150 in the afternoon. The pound was fixed at FFr 10.8790 compared with FFr 10.9470, but recovered slightly to FFr 10.90 after lunch. Within the EMS the D-mark eased to FFr 2.3921 from FFr 2.3968 at the fixing, and the Belgian franc, the weakest member of the system, to FFr 14.6340 per 100 Belgian francs from FFr 14.6760.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	40.7985	41.1387	+0.83	+0.96	±1.5361
Danish Krone ...	7.91917	7.88864	−0.39	−0.26	±1.6413
German D-Mark	2.54502	2.51804	−1.06	−0.93	±1.1386
French Franc ...	5.99526	6.01625	+0.35	+0.48	±1.3638
Dutch Guilder ...	2.81318	2.79765	−0.55	−0.42	±1.5159
Irish Punt ...	0.685145	0.688172	+0.44	+0.57	±1.6688
Italian Lira ...	1262.92	1254.19	−0.69	−0.69	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE DOLLAR SPOT AND FORWARD

Aug 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8360-1.8450	1.8410-1.8420	0.70-0.80c dis	−4.89	2.35-2.45dis	−5.21
Ireland†	1.4750-1.4810	1.4775-1.4805	0.20-0.30c dis	−2.03	0.78-0.90dis	−2.27
Canada	1.2108-1.2146	1.2108-1.2111	0.48-0.51c dis	−4.80	0.98-1.03dis	−3.30
Nethlnd.	2.7300-2.7530	2.7480-2.7510	1.15-1.05c pm	4.80	3.53-3.43 pm	5.07
Belgium	40.30-40.60	40.57-40.59	7-15c dis	−3.26	13-20 dis	−1.63
Denmark	7.7325-7.7625	7.7500-7.7600	0.30-0.55ore dis	−0.66	2-1½ pm	0.90
W. Ger.	2.4625-2.4825	2.4760-2.4770	1.36-1.28pf pm	6.40	4.00-3.92 pm	6.40
Portugal	66.05-66.30	66.10-66.30	par-40c dis	−3.62	15-115 dis	−3.93
Spain	98.75-99.20	99.05-99.10	par-15c dis	−0.91	10-30 dis	−0.81
Italy	1,230¾-1,234½	1,232½-1,233½	16-18lire dis	−16.54	46-49 dis	−15.41
Norway	6.1125-6.1450	6.1350-6.1450	3-2½ore pm	5.39	8.80-8.30 pm	5.52
France	5.8950-5.9400	5.9275-5.9325	5¼-6¼c dis	−11.66	11-13 dis	−8.11
Sweden	5.2540-5.2750	5.2650-5.2750	1.70-1.50ore pm	3.65	5.70-5.50 pm	4.26
Japan	230.2-231.25	230.95-231.05	2.20-2.06y pm	11.04	6.40-6.25 pm	10.95
Austria	17.29-17.40	17.35-17.36	10.60-9.10gro pm	6.81	28.50-24.50pm	6.11
Switz.	2.1400-2.1590	2.1445-2.1455	1.75-1.65c pm	9.51	5.15-5.05 pm	9.51

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Aug 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8360-1.8450	1.8410-1.8420	0.70-0.80c dis	−4.89	2.35-2.45dis	−5.21
Canada	2.2310-2.2400	2.2315-2.2325	1.55-1.66c dis	−8.60	4.60-4.75dis	−8.40
Nethlnd.	5.02-5.07½	5.06-5.07	½c pm-⅛ dis	−0.30	par-½ dis	−0.20
Belgium	74.10-74.80	74.65-74.75	60-70c dis	−10.44	140-155 dis	−7.90
Denmark	14.21-14.28	14.26-14.27	6½-7¾ore dis	−5.99	15-17 dis	−4.49
Ireland	1.2410-1.2500	1.2455-1.2470	0.27-0.40p dis	−3.22	0.87-1.03dis	−3.05
W. Ger.	4.53-4.57	4.55½-4.56½	¾-¼pf pm	1.31	1½-1 pm	1.10
Portugal	121.20-122.20	121.70-121.90	45-75c dis	−5.91	180-380 dis	−9.19
Spain	182.00-183.00	182.50-182.70	85-115c dis	−6.57	260-315 dis	−6.30
Italy	2,265-2,273	2,269½-2,271½	39½-41½lire dis	−21.40	115-118dis	−20.52
Norway	11.26-11.29	11.27½-11.28½	1¼ore pm-⅜ dis	0.60	1¼-¼ pm	0.35
France	10.86-10.92	10.91-10.92	15¾-16¾c dis	−17.31	39½-40¾dis	−14.57
Sweden	9.66-9.71	9.69½-9.70½	¼-1¼ore dis	−0.93	1½-2½ dis	−0.82
Japan	420-427	425-426	2.35-2.00y pm	6.13	6.55-6.15 pm	5.97
Austria	31.80-32.00	31.95-32.00	8-3gro pm	2.05	12-2 pm	0.87
Switz.	3.93-3.98	3.94¾-3.95¾	1⅝-1⅛c pm	4.17	4⅝-4⅛ pm	4.43

Belgian rate is for convertible francs. Financial franc 80.30-80.40. Six-month forward dollar 4.30-4.40c dis. 12-month 6.75-6.90c dis.

CURRENCY MOVEMENTS

Aug. 27	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.4	−32.8
U.S. dollar	111.9	+5.0
Canadian dollar	88.1	−17.6
Austrian schilling	110.9	+22.0
Belgian franc	104.6	+9.1
Danish kroner	85.3	−11.6
Deutsche mark	115.7	+38.1
Swiss franc	133.7	+81.1
Guilder	107.4	+14.1
French franc	81.4	−12.6
Lira	57.0	−55.8
Yen	141.7	+35.4

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Aug. 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.61475	0.551723
U.S. $	14	1.12570	1.01241
Canadian $	21.03	1.36804	1.22775
Austria Sch.	6¾	19.7082	17.6615
Belgian F.	13	45.7778	41.1596
Danish K.	11	8.81079	7.88567
D mark	7½	2.80267	2.51685
Guilder	9	3.11533	2.79830
French Fr.	9½	6.71795	6.02993
Lira	19	1396.85	1255.14
Yen	6¼	259.479	233.310
Norwgn. Kr.	9	6.93766	6.21468
Spanish Pts.	8	112.347	100.694
Swedish Kr.	12	5.96306	5.34857
Swiss Fr.	5	2.43198	2.18478
Greek Dr'ch.	20½	—	61.7773

OTHER CURRENCIES

Aug. 27	£	$		£ Note Rates
Argentina Peso	9674-9694†	5253-5275†	Austria	31.80-32.10
Australia Dollar	1.6030-1.6070	0.8720-0.8725	Belgium	79.75-80.55
Brazil Cruzeiro	188.47-189.47	102.18-102.59	Denmark	14.21-14.35
Finland Markka	8.425-8.435	4.5840-4.5860	France	10.81-11.01
Greek Drachma	109.958-112.212	60.45-60.65	Germany	4.53¼-4.58½
Hong Kong Dollar	10.93¼-10.94½	5.9470-5.9500	Italy	2235-2290
Iran Rial	150.00	82.00*	Japan	424-429
Kuwait Dinar (KD)	0.519-0.5250	0.2837-0.2840	Netherlands	5.04-5.09
Luxembourg Fr.	74.65-74.75	40.57-40.59	Norway	11.22-11.34
Malaysia Dollar	4.3450-4.355	2.3630-2.3650	Portugal	120-127
New Zealand Dlr.	2.2200-2.2250	1.2065-1.2075	Spain	178¾-189
Saudi Arab. Riyal	6.26-6.32	3.4200-3.4220	Sweden	9.64-9.74
Singapore Dollar	3.9625-3.9725	2.1555-2.1575	Switzerland	3.95-4.00
Sth. African Rand	1.7375-1.7385	0.9435-0.9440	United States	1.83-1.85
U.A.E. Dirham	6.72-6.78	3.6715-3.6735	Yugoslavia	75-83

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 13,826-13,866 and for the dollar 7,500-7,550. * Selling rate.

EXCHANGE CROSS RATES

Aug. 27	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.842	4.560	425.5	10.915	3.953	5.065	2271.	2.232	74.70
U.S. Dollar	0.543	1.	2.476	231.1	5.927	2.146	2.750	1233.	1.212	40.56
Deutschemark	0.219	0.404	1.	93.31	2.394	0.867	1.111	497.9	0.489	16.38
Japanese Yen 1,000	2.350	4.326	10.72	1000.	25.65	9.289	11.90	5336.	5.246	175.6
French Franc 10	0.916	1.687	4.178	389.8	10.	3.621	4.640	2080.	2.045	68.44
Swiss Franc	0.253	0.466	1.154	107.7	2.762	1.	1.281	574.4	0.565	18.90
Dutch Guilder	0.197	0.364	0.900	84.01	2.155	0.780	1	448.3	0.441	14.75
Italian Lira 1,000	0.440	0.811	2.008	187.4	4.807	1.741	2.231	1000.	0.983	32.90
Canadian Dollar	0.448	0.825	2.043	190.6	4.890	1.771	2.269	1017.	1.	33.47
Belgian Franc 100	1.339	2.465	6.104	569.6	14.61	5.291	6.780	3039.	2.988	100

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 27)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 15/16	offer 19 1/16	bid 19	offer 19 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Aug. 27	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12¾-13	17⅞-18⅛	22-23	13¼-13⅝	—	11 9/16-11 11/16	25-35	21-26	14-16	6⅝-6⅞
7 days' notice	13¼-13½	18-18¼	22-23	13⅜-13¾	17¼-17¾	11 13/16-12 1/16	25-35	32½-37½	15½-20¾	6 11/16-6 15/16
Month	13 7/16-13 11/16	18⅛-18⅜	22⅛-22½	13 13/16-13 15/16	8⅞-9	12 3/16-12 7/16	29½-31½	34½-36½	20½-22¼	7⅛-7⅜
Three months	13 13/16-14	18¾-19	21⅞-22¼	13⅝-13¾	9¼-9⅜	12⅛-12⅜	27-28	34-35¼	20⅜-21	7½-7¾
Six months	14 1/16-14¼	18⅞-19⅛	21⅛-21½	13⅜-13½	9 5/16-9 7/16	12¾-12 15/16	24-25	32¼-33¼	19¾-20¼	7½-7¾
One Year	14 3/16-14 5/16	18 1/16-18 5/16	20-20⅜	13⅛-13¼	8⅞-9	12 1/16-12 5/16	21½-23	29½-30½	18⅜-18¾	7¾-8

SDR linked deposits: one-month 16½-16⅞ per cent; three months 16⅝-17; six months 16⅝-16⅞ per cent; one-year 15½-15⅞ per cent.

ECU linked deposits: one-month 18 7/16-18 11/16 per cent; three months 18-18⅜ per cent; six months 17 15/16-17 11/16 per cent; one-year 16⅝-16⅞ per cent.

Asian $ (closing rates in Singapore): one-month 18⅝-18¾ per cent; three months 19-19⅛ per cent; six months 19-19⅛ per cent; one-year 18-18⅛ per cent. Long-term Eurodollar two years 17⅜-17⅝ per cent; three years 17-17¼ per cent; four years 16⅞-17⅛ per cent; five years 16¾-17 per cent; nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.25-18.35 per cent; three months 18.65-18.75 per cent; six months 18.55-18.65 per cent; one-year 17.80-17.90 per cent.

MONEY MARKETS

A late surplus

London clearing banks base lending rates 12 per cent

Day-to-day credit was in surplus in the London money market yesterday, but the money did not appear until very late in the day, after the discount houses had squared their books. The houses were therefore forced to pay 12-12½ per cent for secured call loans throughout, although the Bank of England had forecast at the beginning of the day that there should be a surplus of about *£100m.*

But this did not find its way into the market until the late afternoon and therefore the authorities did not intervene to absorb any liquidity.

In the interbank market overnight money opened at 12½-12¾ per cent and fell to 12¼-12½ per cent on the official forecast, but rose to a peak of *13* per cent around lunch time. Soon after the houses had taken their closing balances money was available at 5 per cent, and rates closed at 1 per cent.

Seven day money remained firm at 13-13¼ per cent despite the fall in the overnight rate. Market sources suggested that this was a reflection of the shortage expected next week as a result of payment of Petroleum Revenue Tax. Longer periods showed little change.

The main factors yesterday were a net take-up of Treasury bills −£40m; a balance on Exchequer transactions of +£100m; and a fall in the note circulation of +£20m.

In **Frankfurt** call money remained at 12 per cent, the same level as the special Lombard facility. Fixed period rates were slightly easier however, with one-month money falling to 12.60-12.70 per cent from 12.65-12.75 per cent, and six-month to 12.90-13.05 per cent from 13.00-13.10 per cent. As expected the Bundesbank central bank council meeting made no changes to monetary policy at its regular meeting. It was suggested that no change is likely ahead of the 1982 Budget proposals, which may be the subject of a Cabinet decision by the end of next week. A sharp cut in public sector spending is expected, possibly followed by a reduction in interest rates, which have been kept very firm by the high level of U.S. rates.

In **Amsterdam** call money was unchanged at 13⅛-13½ per cent, but period rates were generally firmer. One-month rose to 13¾-14 per cent from 13½-13¾ per cent; three-month to 13¾-14 per cent from 13⅝-13⅞ per cent; and 12-month to 13⅛-13⅜ per cent from 13-13¼ per cent. Six-month was unchanged at 13½-13¾ per cent.

In **Paris** interest rates were firm.

MONEY RATES

NEW YORK

Prime rate	20½
Fed. funds	17½-17⅞
Treasury bills (13-week)	15.78
Treasury bills (26-week)	15.84

GERMANY

Special Lombard	12.00
Overnight rate	12.00
One month	12.65
Three months	12.85
Six months	12.975

FRANCE

Intervention rate	17.125
Overnight rate	17.50
One month	17.50
Three months	18.00
Six months	17.375

JAPAN

Discount rate	6.25
Call (unconditional)	7.25
Bill discount (three-month)	7.46875

GOLD

Slight fall

Gold fell $3 to $411-413 in the London bullion market yesterday. It opened at $413¼-415¼, and touched a peak of $414-416. The metal was fixed at $414.75 in the morning and $411.75 in the afternoon, weakening on the slight improvement of the dollar and a report that South African forces were preparing to withdraw from Angola.

In Paris the 12½-kilo gold bar was fixed at FFr 88,900 per kilo ($466.75 per ounce) in the afternoon, compared with FFr 89,600 ($472.34) in the morning, and FFr 89,600 ($467.39) Wednesday afternoon.

	Aug. 27		Aug. 26	
Gold Bullion (fine ounce)				
Close	$411-413	(£223-224)	$414-416	(£224½-225½)
Opening	$413¼-415¼	(£224½-225½)	$412½-414½	(£225½-226½)
Morning fixing	$414.75	(£225.322)	$413	(£225.375)
Afternoon fixing	$411.75	(£223.656)	$414	(£225.343)
Gold Coins				
Krugerrand	$424-425	(£230¼-230¾)	$427½-428½	(£231½-232)
1/2 Krugerrand	$222-223	(£120½-121)	$224-225	(£121¼-121¾)
1/4 Krugerrand	$113-114	(£61¼-61¾)	$114-115	(£61¾-62¼)
1/10 Krugerrand	$47-48	(£25½-26)	$47-48	(£25½-26)
Mapleleaf	$424-425	(£230¼-230¾)	$427½-428½	(£231½-232)
New Sovereigns	$102½-103½	(£55½-56)	$103½-104½	(£56-56½)
King Sovereigns	$118-120	(£64-65)	$117-119	(£63½-64½)
Victoria Sovs.	$118-120	(£64-65)	$117-119	(£63½-64½)
French 20s	$118-123	(£64-66¾)	$119-124	(£64½-67)
50 pesos Mexico	$512-515	(£278-279½)	$514-518	(£278¼-280½)
100 Cor. Austria	$399-402	(£216½-218¼)	$401-404	(£217-218¾)
$20 Eagles	$562-567	(£305-307¾)	$562-567	(£304¼-307)

LONDON MONEY RATES

Aug. 27 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	1-13	12⅝-12⅞	—	—	12¾-13	12-12½	—	—	—
2 days notice	—	—	13¼-13⅜	—	—	—	—	—	—	—
7 days or 7 days notice	—	13-13¼	13½	—	13⅜	13¼-13⅝	12⅛-12⅝	—	—	—
One month	13⅜-13 7/16	13 7/16-13⅝	[illegible]	14⅛-14¼	13⅝	13⅜-13⅞	12¾	12¾	12 [illegible]	13½
Two months	13¾-13⅝	13 11/16-13⅞	—	14⅜-14⅛	13 [illegible]	—	13	13 [illegible]-13	13-13 [illegible]	13 [illegible]
Three months	13 [illegible]-13 [illegible]	13 [illegible]-14 [illegible]	14⅛	14⅜-14⅛	14 [illegible]	14¼-14⅜	13⅛	13 [illegible]-13¼	13¼	13⅞
Six months	14 [illegible]-14	14 [illegible]-14¼	14¼	13⅝-13⅝	14¼	—	—	—	13¼	14
Nine months	14 [illegible]-14 [illegible]	14⅛-14¼	—	14⅜-14	14¼	—	—	—	—	—
One year	14¼-14 [illegible]	14 [illegible]-14⅜	14½	14⅜-14	14¼	—	—	—	—	—
Two years	—	—	14½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14⅞ per cent; four years 14⅞ per cent; five years 14⅞ per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13 5/16 per cent; four months trade bills 13⅞ per cent.

Approximate selling rate for one-month Treasury bills 12⅝ per cent; two months 12 27/32-12⅞ per cent; three months 13 5/16-13⅜ per cent. Approximate selling rate for one-month bank bills 12 11/16-12¾ per cent; two months 12⅞-12 29/32 per cent and three months 13 5/16 per cent; one month trade bills 13⅝ per cent; two months 13⅝ per cent and three months 13⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from August 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank rates for lending 12 per cent. Treasury Bills: Average tender rate of discount 13.2463 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, August 26, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.08
Albania	Lek	5.5086
Algeria	Dinar	4.1875
Andorra	Fr. Franc	5.98
	Sp. Peseta	99.80
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Peso (C) (4)	5218.00
	Peso (F) (5)	7595.00
Australia	Dollar	0.8736
Austria	Schilling	17.5025
Azores	Port. Escudo	65.65
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	99.80
Bangladesh	Taka	15.7679
Barbados	Dollar	2.01
Belgium	Franc (C)	40.69
	Franc (F)	43.87
Belize	Dollar	2.00
Benin	C.F.A. Franc	299.00
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.05
Bolivia	Peso	24.75
Botswana	Pula	0.9037
Brazil	Cruzeiro	100.74
Brunei	Dollar	2.161
Bulgaria	Lev	0.95
Burma	Kyat	7.5948
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	299.00
Canada	Dollar	1.2134
Canary Is.	Sp. Peseta	99.80
Cape Verde	Escudo	36.51
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	299.00
Chad	C.F.A. Franc	299.00
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.7952
Colombia	Peso (O)	55.45
Comoros	C.F.A. Franc	299.00
Congo P'ple. Rep. of	C.F.A. Franc	299.00
Costa Rica	Colon (O)	8.60
	Colon	20.03
Cuba	Peso	0.7315
Cyprus	Pound*	2.1825
Czechoslovakia	Koruna (O)	5.80
Denmark	Krone	7.8165
Djibouti Rp. of	Franc	178.50
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	28.426
Egypt	Pound* (3)	1.4493
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	199.60
Ethiopia	Birr (O)	2.0598
Faeroe Is.	Dan. Krone	7.8165
Falkland Is.	Pound*	1.8355
Fiji	Dollar	0.8629
Finland	Markka	4.611
France	Franc	5.98
Fr. C'ty in Af.	C.F.A. Franc	299.00
Fr. Guiana	Franc	5.98
Fr. Pac. Is.	C.F.P. Franc	105.627
Gabon	C.F.A. Franc	299.00
Gambia	Dalasi	2.1816
Germany (E)	Ostmark (O)	2.4907
Germany (W)	Mark	2.4907
Ghana	Cedi	2.75
Gibraltar	*Pound**	1.8335
Greece	Drachma	60.85
Greenland	Dan. Krone	7.8165
Grenada	E. Caribbean $	2.7025
Guadaloupe	Franc	5.98
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	39.0867
Guinea Rep.	Syli	21.9288
Guyana	Dollar	3.072
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.948
Hungary	Forint	33.44
Iceland	Krona	7.173
India	Rupee	9.05
Indonesia	Rupiah	630.00
Iran	Rial (O)	81.00
Iraq	Dinar	0.2999
Irish Rep	Punt*	1.464
Israel	Shekel	12.545
Italy	Lira	1242.50
Ivory Coast	C.F.A. Franc	299.00
Jamaica	Dollar	1.7834
Japan	Yen	231.15
Jordan	Dinar	0.377
Kampuchea	Riel	n.a.
Kenya	Shilling	9.0166
Kiribati	Aust. Dollar	0.8736
Korea (Nth)	Won	0.94
Korea (Sth)	Won	685.00
Kuwait	Dinar	0.2831
Lao P'pls D. Rep.	Kip	10.00
Lebanon	Pound	4.68
Lesotho	Loti	0.9468
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	2.1645
Luxembourg	Lux Franc	40.69
Macao	Pataca	6.195
Madagascar D. R.	Franc	299.00
Madeira	Port. Escudo	65.65
Malawi	Kwacha	0.9385
Malaysia	Ringgit	2.3715
Maldive Is.	Rupee	3.93
Mali Rp.	Franc	598.00
Malta	Pound*	2.4062
Martinique	Franc	5.98
Mauritania	*Ouguiya*	59.20
Mauritius	Rupee	8.8834
Mexico	Peso	24.835
Miquelon	Fr. Franc	5.98
Monaco	Fr. Franc	5.98
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.5864
Mozambique	Metica	30.1064
Namibia	S.A. Rand	0.9468
Nauru Is.	Aust. Dollar	0.8736
Nepal	Rupee	12.00
Netherlands	Guilder	2.768
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.2104
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	299.00
Nigeria	Naira (O)	0.682
Norway	Krone	6.161
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	9.84
Panama	Balboa	1.00
Papua N.G.	Kina	0.6868
Paraguay	Guarani	126.00
Peru	Sol	433.53
Philippines	Peso	7.95
Pitcairn Is.	N.Z. Dollar	1.2104
Poland	Zloty (O)	31.00
Portugal	Escudo	65.65
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	5.98
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	1.8335
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	5.98
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	1.0811
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1242.50
Sao Tome & Principe DR	Dobra	40.1971
Saudi Arabia	Riyal	3.4195
Senegal	C.F.A. Franc	299.00
Seychelles	Rupee	7.3907
Sierra Leone	Leone	1.2143
Singapore	Dollar	2.161
Solomon Is.	Dollar	0.8953
Somali Rep.	Shilling (6)	6.35
	Shilling (7)	12.46
South Africa	Rand	0.9468
Spain	Peseta	99.80
Span. Ports in N. Africa	Sp. Peseta	99.80
Sri Lanka	Rupee	19.7709
Sudan Rep.	Pound* (2)	2.00
Sudan Rep.	Pound* (1)	1.25
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.9468
Sweden	Krone	5.2935
Switzerland	Franc	2.1646
Syria	Pound	3.9262
Taiwan	Dollar (O)	36.30
Tanzania	Shilling	8.4811
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	299.00
Tonga Is.	Pa'anga	0.8736
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.5419
Turkey	Lira	122.16
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.8736
Uganda	Shilling	78.00
Utd. A'b. Emir.	Dirham	3.6727
Utd. Kingdom	Pound Sterling*	1.8335
Upper Volta	C.F.A. Franc	299.00
Uruguay	Peso	11.12
U.S.S.R.	Rouble	0.7837
Vanuatu	Vatu	96.6465
Vanuatu	Aust. Dollar	0.8736
Vatican	It. Lira	1242.50
Venezuela	Bolivar	4.29
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3415
Yugoslavia	Dinar	39.32
Zaire Rp.	Zaire	5.6402
Zambia	Kwacha	0.9099
Zimbabwe	Dollar	0.7194

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Argentina: June 22 Two Tier Policy Adopted. Commercial: Fixed by Central Bank of Imports and Exports.
(5) Argentina: Financial allowed a clean float. (6) Somali: Parallel exchange rates introduced July 1—for essential imports.
(7) Somali: Exports and Non-Essential Imports and Transfers.

WORLD STOCK MARKETS

Fresh early Wall St slide

FURTHER WEAKNESS was seen on Wall Street yesterday morning in fairly active trading, with news that Marine Midland Bank had cut its broker loan rate to 18 per cent from 19 stalling the fall for only a short period.

The Dow Jones Industrial Average, which dropped over eight points in the first hour, rallied to show only a three-point net loss after the rate cut news, but then resumed its decline and was down 7.04 at 892.22 by 1 pm. The NYSE All Common Index was 51 cents weaker at $71.98, while falls outscored gains by a two-to-one margin at mid-session. Trading volume came to 29.80m shares, against the Wednesday 1 pm figure of 31.04m.

Analysts said the boost from the broker loan rate cut quickly disappeared when there was little reaction to the news by the interest rate-sensitive credit markets.

Oil stocks declined across the board following reports on Wednesday that Nigeria would lower its crude oil price by $4 a barrel. Mobil lost ⅝ to $28⅜, Superior 1⅞ to $37⅞, Standard-California ⅞ to $41½, Standard Ohio ¾ to $44⅞, Exxon ⅛ to $33 and Gulf ½ to $36⅞.

Cities Service, however, gained ½ to $62½ in active trading. It is arranging a $150m Eurobond financing.

Oilfield service and supply stocks were also lower. Schlumberger shed $1 to $63, Hughes Tool $1 to $39⅞, Halliburton 2¼ to $61⅞ and Colt Industries 1¼ to $82½.

Mohawk Data fell 2⅜ to $14⅜ after reporting sharply lower earnings.

THE AMERICAN SE Market Value Index was 0.48 easier at 348.79 at 1 pm. Volume 2.99m shares.

Canada

Markets remained easier-inclined in fairly active early trading. The Toronto Composite Index declined 9.4 more to 2,169.6 at noon, while Golds shed 73.4 to 4,016.2.

Closing prices for North America were not available for this edition.

Tokyo

Stock prices mainly went into a fresh slide yesterday in another fair turnover, following a generally steadier performance on Wednesday.

Brokers attributed the renewed weakness to Wall Street's overnight failure to mount a rally, continued high interest rates, and reports that North Koreans may have fired at a U.S. aircraft.

However, the market recouped some ground late in the session, with the Nikkei-Dow Jones Average ending a net 55.90 down at 7,796.39, after recording an earlier fall of 91.45. The Tokyo SE index lost 3.41 at 589.66, while declines outnumbered rises on the First Market by 376 to 200 after volume of 320m shares (300m).

Sony receded Y70 to Y4,600 on a Wall Street view that its new filmless camera was not expected to have a major impact on sales of conventional cameras. However, this helped Fuji Photo Film to gain Y10 to Y1,700 and Canon Y50 to Y1,650.

A bright exception in Light Electricals was Victor Japan, up Y110 at Y4,050, while Steels and Shipbuildings tended to harden against the general trend.

Toyota Motor dipped Y60 to Y1,390, while among Heavy Electric Machines, Toshiba, Y472, and Hitachi, Y820, shed Y10 apiece, but MHI picked up Y3 to Y312.

Pharmaceuticals and Oils, strong sectors the previous day, generally weakened. Taisho Pharmaceutical declined Y12 to Y703 and Teikoku Oil Y40 to Y735.

Paris

The market was mixed overall after active trading, with companies in line for nationalisation continuing to advance.

Rumours of a Government plan which would result in attractive compensation for shareholders of these companies was behind their rise. Among companies on the nationalisation list, Pechiney added 1.3 at FFr 82.3, Rhone Poulenc 6.8 to FFr 74.7 and Thomson Brandt 9 to FFr 182.

Switzerland

A widespread retreat occurred in active trading as the gloomy outlook for foreign and domestic interest rates weighed heavily on the market. The Swiss Bank Corporation Industrials index lost 3.9 to 281.0.

News that City of Basle consumer prices rose at an annual 7.5 per cent rate in August from 6.5 per cent in July reached the market too late to have any effect, but may have been already discounted in yesterday's selling, dealers said. The weaker Bond market also affected share prices.

Germany

Bourse prices continued to display a weakening tendency, but with selective bargain hunting producing some gains.

Bayer hardened DM 1.30 to DM 128.80 in Chemicals following only a modest decline in first half pre-tax earnings.

In Utilities, Veba shed DM 1.10 to DM 138.30 on lower first-half profits.

Australia

Aided by technical factors, markets were mixed with a slight bias to higher levels yesterday, following the sharp fall earlier in the week. The All Ordinaries index improved 2.3 from Wednesday's 1981 low to close at 626.1.

Bridge Oil rose 26 cents to A$5.86 on news that the Surat Basin Well Riverslea No. 1 had flowed oil at a rate of 300 barrels per day. However, the effect on BHP, the well's major shareholder, was more fleeting as the shares finished 5 cents easier on the day at $A12.55, after advancing to A$12.80.

Elsewhere in the Oil and Gas sector, AOD moved ahead 15 cents to A$1.50, Santos 6 cents to A$6.10 and Crusader 10 cents to A$7.00.

The restructured Renison Gold Fields finished 10 cents up at A$5.70 despite reporting lower profits for the year.

Western Mining put on 8 cents to A$4.72 and Bougainville Copper 5 cents to A$1.55.

Hong Kong

After opening on a firmer note, the market resumed its downtrend in moderate activity, leaving the Hang Seng index 15.31 lower on the day at 1,674.47. Turnover on the four exchanges amounted to HK$424.96m, compared with Wednesday's HK$351.19m.

A disappointing response to a Government property auction on Wednesday, at which the larger bidders walked out when the auctioneer refused to lower minimum prices, cast a dark shadow over the stock market, brokers said. Worries over interest rates also remained a depressant for shares.

However, Hong Kong Hotels continued to feature strongly, climbing HK$3.50 to HK$68.00 for an advance of HK$8 so far this week, reflecting expectations of news about the Repulse Bay hotel development.

Among the leaders, falls of 50 cents apiece were sustained by Swire Pacific "A," HK$15.50, Hutchison Whampoa, HK$21.90 and Cheung Kong, HK$30.25, while Sun Hung Kai Properties lost 30 cents to HK$17.20.

Singapore

Shares were inclined to show some recovery yesterday after the recent steep decline, aided by covering of short positions. The Singapore Straits Times Industrial index, which fell 30.44 more on Wednesday, recouped 8.32 to 678.84.

News of a one-for-four bonus share issue from Sime Darby, which also announced final results yesterday, boosted general sentiment. Sime picked up 10 cents to S$3.52.

Indices

NEW YORK —DOW JONES

	Aug. 26	Aug. 25	Aug. 24	Aug. 21	Aug. 20	Aug. 19	1981 High	1981 Low	Since Cm'pil't' High	Since Cm'pil't' Low
●Industr'ls	899.26	901.83	900.11	920.57	923.57	926.46	1024.05 (27/4)	899.26 (26/8)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	57.85	58.42	58.56	58.96	59.05	59.19	65.73 (15/1)	57.85 (26/8)	—	—
Transport...	376.73	377.92	382.90	395.73	399.24	399.44	447.38 (16/4)	377.92 (25/8)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities.....	106.35	106.84	110.46	112.75	113.21	113.51	117.81 (5/1)	105.93 (5/6)	165.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000's	58,960	54,020	46,750	57,570	37,570	39,590	—	—	—	—

●Day's high 908.39 low 893.65.

Ind. div. yield %	Aug. 21	Aug. 14	Aug. 7	Year ago (approx)
	6.01	5.90	5.65	5.59

STANDARD AND POORS

	Aug. 26	Aug. 25	Aug. 24	Aug. 21	Aug. 20	Aug. 19	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	140.53	140.91	141.72	145.45	147.17	146.59	157.02 (6/1)	140.65 (25/8)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	124.96	125.15	125.50	129.23	130.65	130.45	138.12 (6/1)	124.96 (26/8)	140.52 (28/11/80)	4.40 (1/6/32)

	Aug. 19	Aug. 12	Aug. 5	Year ago (approx)
Ind. div. yield %	4.85	4.75	4.76	4.72
Ind. P/E Ratio	9.53	9.54	9.52	8.36
Long Gov. Bond yield	13.67	13.51	13.91	11.10

N.Y.S.E. ALL COMMON

Aug. 26	Aug. 25	Aug. 24	Aug. 21	1981 High	1981 Low
72.49	72.58	72.92	75.10	79.14 (6/1)	72.45 (20/2)

Rises and Falls

	Aug. 26	Aug. 25	Aug. 24
Issues Traded	1,872	1,905	1,924
Rises	622	351	158
Falls	833	1,233	1,565
Unchanged	417	321	201
New Highs	2	2	4
New Lows	112	106	138

MONTREAL

	Aug. 26	Aug. 25	Aug. 24	Aug. 21	1981 High	1981 Low
Industrials	361.32	383.20	385.70	392.54	409.56 (27/5)	356.26 (20/2)
Combined	349.93	352.27	354.77	360.94	375.28 (15/5)	339.54 (20/2)
TORONTO Composite	2179.0	352.27	2204.5	2246.1	2378.3 (10/4)	2151.4 (20/3)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Pan-Am Air.	1,702,600	3½	−⅛	Cons. Ed NY	470,800	23	+½
Cities Service	566,700	62⅛	−⅝	Dow Chemical	403,300	28⅛	−1
Cenco	507,300	11⅞	−2⅛	Superior Oil	395,300	39¼	—
NBD Banc.	412,600	25½	−⅛	Exxon	364,100	33⅝	−⅛
Am. T. & T.	410,400	55½	−⅛	Heublein	340,400	27⅞	−⅛

	Aug. 27	Aug. 26	Aug. 25	Aug. 24	1981 High	1981 Low
AUSTRALIA						
All Ord. (1/1/80)	626.1	623.8	626.5	652.5	737.3 (6/4)	623.8 (26/8)
Metal & Minrls (1/1/80)	517.4	512.9	516.2	530.6	755.2 (7/1)	508.4 (5/6)
AUSTRIA						
Credit Aktien (2/1/62)	56.70	56.23	56.73	56.55	66.45 (9/1)	54.0 (21/8)
BELGIUM						
Belgian SE (31/12/63)	74.11	74.31	74.02	74.93	85.16 (17/2)	69.53 (18/6)
DENMARK						
Copenhagen SE (1/1/73)	118.95	116.72	118.00	115.35	118.00 (25/8)	95.88 (2/1)
FRANCE						
CAC General (29/12/61)	95.1	92.9	91.5	92.4	112.5 (17/8)	77.5 (15/6)
Ind Tendance (31/12/80)	99.2	98.3	96.2	95.9	109.8 (15/5)	73.2 (12/6)
GERMANY						
FAZ-Aktien (31/12/58)	234.06	236.13	237.17	239.48	243.47 (3/7)	215.68 (9/2)
Commerzbank (Dec 1953)	715.4	722.0	724.4	729.9	749.0 (3/7)	666.4 (16/2)
HOLLAND						
ANP-CBS General (1970)	92.9	93.5	93.4	95.0	96.8 (20/8)	85.7 (2/1)
ANP-CBS Indust (1970)	72.5	72.7	72.9	75.7	76.4 (22/6)	62.8 (2/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1674.47	1689.78	1705.16	1717.27	1810.20 (17/7)	1225.44 (11/5)
ITALY						
Banca Comm Ital (1972)	230.16	233.83	235.19	236.53	292.03 (3/6)	168.44 (24/7)
Japan						
Dow Average (16/5/49)	7795.39	7852.29	7817.22	7917.53	8019.14 (17/8)	6956.52 (13/3)
Tokyo New SE (4/1/68)	589.66	593.07	592.35	593.59	603.32 (17/8)	495.73 (5/1)
NORWAY						
Oslo SE (1/1/72)	136.35	135.27	136.49	140.05	145.72 (6/8)	110.84 (8/6)
SINGAPORE						
Straits Times (1966)	678.84	669.52	698.06	712.23	973.28 (26/6)	659.51 (2/1)
SOUTH AFRICA						
Gold (1958)	(u)	610.9	601.7	623.5	797.6 (7/1)	473.6 (3/7)
Industrial (1958)	(u)	647.9	649.7	651.5	654.4 (20/8)	637.2 (5/2)
SPAIN						
Madrid SE (30/12/80)	145.76	145.91	145.47	(c)	145.91 (26/8)	100.46 (2/1)
SWEDEN						
Jacobson & P. (1/1/58)	597.05	606.28	611.96	626.07	660.51 (10/8)	404.17 (20/1)
SWITZERLAND						
SwissBankCpn. (31/12/58)	281.0	284.9	285.5	287.6	304.2 (2/4)	279.6 (27/6)
WORLD						
Capital Intl. (1/1/70)	—	146.7	148.1	151.1	162.8 (6/1)	146.7 (26/8)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

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COMMODITIES AND AGRICULTURE

Keeping out fowl pest—and competition

BY JOHN CHERRINGTON

POULTRY FARMERS will be enormously relieved at the Government's decision to change poultry health regulations, and virtually ban imports from competitors. Farmers and processors had long been up in arms about the threat of imports from France and elsewhere.

Processing factories have been closed with consequent unemployment and it is almost certain that had some action not been taken, more big units for both production and processing could have been shut down.

Britain will probably be taken on this issue to the European Court, where it already has to answer a case dealing with a ban on imports of long-life milk. But this will take a long time, and if the French attitude of robust indifference to such proceedings were to be adopted, the British would probably succeed in winning the day.

Newcastle disease, or fowl pest, as it is more commonly known — the disease which prompted Mr Peter Walker, Agriculture Minister, to announce the reintroduction of a slaughter policy — is a viral respiratory disease affecting all birds. It can be fatal and those which recover suffer lasting damage.

It was made notifiable many years ago and until 1963 was controlled by a policy of slaughter with compensation paid by the state.

In 1963 the development of a satisfactory vaccine, coupled with heavy calls on the compensation fund, brought about a change. The slaughter policy was abandoned and farmers had the responsibility of paying the vaccination costs.

Recently, various poultry interests, including the National Farmers Union and the Poultry Federation, had been looking into ways of freeing this country of the virus completely. There is always a risk of continuing infection with a vaccination scheme. But as the incidence of the disease had now fallen to a negligible figure—only one confirmed outbreak in the last year—they felt the time was ripe for a reversion of a slaughter policy.

This, incidentally, is the same policy as that followed for foot and mouth disease, where vaccination, which is almost universal on the Continent, does not operate in Britain.

The compensation now will be paid by the Ministry of Agriculture on the slaughter of the stock, but the funds for this will be supplied by a levy on all poultry producers. Of immediate benefit, it is claimed, will be the opening of markets to exports of breeding stock which up until now have refused to take vaccinated birds.

Negotiations with the Ministry had been going on for several months and the fact that the new regulations will make it impossible for certain countries to export either eggs or poultry meat to the UK is, as they say, completely coincidental.

Malaysian rubber still stockpiled

KUALA LUMPUR — The Malaysian commercial sector is continuing to withhold rubber stocks from the market to try to prop up the rubber price, Datuk Paul Leong, Primary Industries Minister said.

He said it was up to the private sector, which had acceded to the Government's request to withhold stocks, to decide how long it would continue building them up.

He said the Malaysian Government had asked private estates and instructed the state-owned Malaysian Rubber Development Corporation to withhold commercial stocks at the present low prices, which, he said, were expected to rise in a month or two.

He said figures of recent additions to stockpile were not yet available.

A total stockpile of 30,000-35,000 tonnes is planned to keep the RSS No 1 price at or above 230 cents a kilo.

Datuk Leong said the Government's announcement that it would support the rubber price also had a positive effect on market sentiment. But he said the Government was not intervening, as this would be against the spirit of the International Natural Rubber Agreement.

Reuter

Brazil accused of dumping black pepper

JAKARTA — Indonesian black pepper traders have sent sales missions to four countries to help boost flagging sales, but are complaining of dumping by Brazil in the U.S. market.

Mr Noersal, director of the Central Indonesian State Trading Company, said his organisation had sent a team to the U.S., Taiwan, Japan and South Korea.

He said U.S. and other importers were found to be happy with Indonesian quality, but attributed lower purchases to oversupply on the world market and "offensive selling" by Brazil.

"Brazil is dumping pepper on the U.S. market. Their prices are 11 cents a pound below ours and this is abnormally low, Mr Noersal said.

In an effort to improve Indonesian competitiveness in black pepper, the Government recently abolished export taxes on it.

Reuter

FARMER'S VIEWPOINT

Getting the best price for lambs

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THIS YEAR, for the first time ever, I have sold three quarters of my lamb crop to the butcher by the third week of August. Apart from the skill of my shepherd, this result has been due to the extraordinary pattern of grass growth throughout the summer.

Until the middle of June my sales had been lagging badly. There was plenty of grass but no sun and the lambs simply did not thrive. Since then it has been generally dry with a lot of sunshine and the lambs have thrived as never before.

The same must have happened to most other farmers, and has resulted in a substantial increase over last year in the numbers slaughtered—up by 50,000-70,000 lambs to well over 300,000 a week. But the weather is not the only factor in this rush of offerings.

Last year, it will be remembered, the new EEC sheepmeat regime was announced in July but did not come into effect until mid-October. The result was that farmers held back their lambs to secure the higher prices. This did relieve some of the pressure on the market.

This year under the new regime there is a guaranteed weekly guide price. But although this guaranteed price has been raised substantially, the actual price of the lambs being marketed, disregarding the subsidy, is still down near last year's levels.

The guide price this year for the week August 17-23, was 190.5p a kilo and the market price of 116p a kilo, so the farmer is entitled to a variable premium of 74.4p a kilo. Last year at the same period the guide price was much lower at 150.7p a kilo, the market price slightly down at 109p and the variable premium payable was 41.6p.

Last year's guide price remained constant from mid-July at the level of 150.7p a kilo, but the guide price this year will fall by about 2.5p a week to a low point of 175.5p on October 12, stay there for another two weeks, and then begin to rise again.

This provides an incentive to farmers to move their stock as soon as possible in order to get the maximum price going. For instance, a 17-kilo lamb at 190.5p comes to £32.38p. But to make the same money in October the lamb would have to weigh 18.5 kilos.

This means the lamb would have to be fed for another seven weeks to achieve the same result and even then it would be far from certain whether a higher price would be paid. A lamb of 18.5 kilos is normally less valuable to the butcher and he will bid accordingly. Most wholesalers have a cut-off for their best prices at around 17 kilos.

There is another factor in the equation as well. Since the inception of the EEC scheme the grading system for lambs has been tightened by penalising overfat carcases. This means that such lambs would not receive the deficiency payment. In those circumstances, the 17-kilo lamb could fetch £32.38 less £12.64: £19.74.

This situation has undoubtedly had an effect on the sheep market in general. Not all farmers do in fact sell their lambs on grade and deadweight. They prefer the livestock markets, where they believe the grading standards are not so strict and from which they can withdraw their lambs should they fail to meet the grade.

Before the new grading standards came in, farmers had an incentive to sell their lambs at as heavy a weight as possible as the subsidy would be paid regardless. Now, apart from the grading problem excessive weight over 22 kilos for lambs gains no subsidy.

Buyers do, of course, vary the terms on which they buy their lambs, paying premiums for certain weights and quality. In turn farmers do produce lambs to meet these terms if it is profitable. But overall, the whole sheep industry is completely supported for much of the year by the price guaranteed under the sheep regulation and funded by the EEC.

The effects of the substantially higher guaranteed price has been quickly reflected in the prices for breeding sheep. Ewes at the first sales held so far have had advances of 10-20 per cent for the popular breeds. In Scotland the increases have been even higher.

It is interesting that the higher prices have been in the traditional livestock areas. Where cereal farming is important, price rises have not been so marked, as it seems farmers are still fearful of the effects a mediocre harvest would have on their cash flows.

The important sales of ewe lambs from the hills have also started strongly, but how these will hold through the season is difficult to say. Certainly last year's levels were quite low.

But it is also certain that if the prices of breeding sheep rose too high, many lowland farmers would be tempted to reduce their flocks and turn their land where possible to cereals.

One group far from happy about the present development is the pig farmers. After enjoying rising prices for much of the year, they found the flood of lambs on the market depressed pork prices and made things difficult for many producers. Unlike sheep, pigs have no definite support under the EEC system and producers feel unjustly treated.

And, of course, lamb exporters are also distressed about the size of the clawback, equal to the deficiency payment, which is effectively preventing sales to our EEC partners.

Some exporters are now suggesting the variable premium should be replaced by a headage payment on ewes. Few farmers are likely to favour the uncertainty such a scheme would bring to replace the present system.

Horse meat eaten 'for years'

MELBOURNE—Health inspectors have known for "years" that horsemeat was being sold for human consumption, but they were powerless to act, according to Mr Doug Hawkins, president of the Australian Institute of Health Surveyors.

"In recent years, health surveyors have detected horsemeat in the human food chain and have been powerless to act," he said.

He said health surveyors had been warning the Government and the public for years. It was "inevitable" that horsemeat was ending up on dinner tables.

Tin reaches 17-month highs

By John Edwards, Commodities Editor

TIN PRICES surged back to 17-month highs on the London Metal Exchange yesterday. Cash tin closed £225 up at £8,205 a tonne, after a resumption of heavy buying from an influential dealer.

The firmer trend was encouraged by an overnight rise in the Penang market and a generally firm tone in other base metals. Copper, lead and zinc values were all higher as fresh buying interest came in.

The tin market has been relatively quiet so far this week, with suspected selling by the buffer stock of the International Tin Council helping to avoid a supply squeeze. However, renewed heavy buying, with one dealer reported to have taken as much as 700 tonnes yesterday, has put the market back under pressure.

Malaysian Primary Industries Minister Datuk Paul Leong, said he would ratify the proposed sixth International Tin Agreement next week.

However, he said that following his recent talks with Mr William Brock, U.S. special trade representative, he thought it was very unlikely that the U.S. would sign the pact by the April 30 closing date.

In La Paz, Mr Abel Martinez, president of the Bolivian state mining corporation, Comibol, said it was virtually bankrupt and the major tin mines of Catavi and Siglo Veinte are almost exhausted.

Sale of state forests to private enterprise urged

BY ROY HODSON

THE GOVERNMENT could save up to £1.4bn in 10 years by abolishing the Forestry Commission and selling off the state-owned forests to private enterprise, according to a study published today by the Institute of Economic Affairs.

State Forestry for the Axe*, written by Mr Robert Miller, a researcher for the independent institute pulls no punches in condemning the evolution of Britain's forestry policy.

The Forestry Commission, which is described as "resource wasting," said last night it was astonished by both the tone and the conclusions of the study.

General Tony Richardson, secretary of the Timber Growers of England and Wales, said: "There are so many holes in it that you cold drive a coach and horses through the lot."

Mr Miller argues that the Forestry Commission, established after the First World War, is of little use as a national asset and the cost of state subsidies for it outweighs the benefits claimed for state-managed forestry.

The simplest means of exposing the commission to market forces and eliminating its capacity to waste resources would be by de-nationalisation, he says.

He advocates transferring to the Ministry of Agriculture the essential regulatory activities of the Forestry Authority.

The remaining assets, with a book value of £800m, and an estimated value of £1.2bn, could then be vested in a Forestry Assets Realisation Agency, which would make orderly sales of the commission's assets over a period of years, in much the same way as the Iron and Steel Holding and Realisation Agency operated after 1953.

"Taking the estimated market value and assuming the sales take place over a period of 10 years, reaching a peak in the third year, the total saving to the Exchequer might be of the order of £1.45bn."

Mr Miller does not believe the state can do a better job of preserving the nation's forests than private enterprise. He writes: "If something is seen to be of value, even in the distant future, the free market will ensure it is not exploited or squandered by its present owners."

One of the most hotly contended of the arguments put forward by Mr Miller is that Britain has a natural disadvantage in timber production, which is carried out much more efficiently in other parts of the world.

The Forestry Commission said it objected strongly to the suggestion in the study that British timber needs could be met by exploiting the natural forests of Africa and South America "without the cost of planting."

The Forestry Commission last night said publication of the IEA booklet came at a most curious time. The commission had only a few weeks ago received a new Forestry Act resulting from more than two years of the most intensive examination of forestry both inside and outside Parliament and of consultation with every big organisation with the remotest interest in the subject.

At no time had even the fiercest critics of forestry policy denied that a modest rate of increase in Britain's forest resources was a prudent strategy to follow. Mr Miller had ignored or discounted the prevailing views of the leading international authorities and agencies on world timber supplies.

The Economic Forestry Group, a leading company in the private sector of the British forestry industry, considers the present British forestry policy a positive one. The group's support for the policy is to be explained in a paper to the British Association for the Advancement of Science, at York next week.

*State Forestry for the Axe, by Robert Miller. Hobart Paper Number 91. Published by the Institute of Economic Affairs: price £1.50.

BRITISH COMMODITY MARKETS

BASE METALS

BASE METAL PRICES rallied after the recent losses on the London Metal Exchange. COPPER touched £960 before closing the late kerb at £958 while LEAD closed at £412.5 and ZINC at £537, after £547; the contango in zinc widened to £13 from £10. TIN moved up strongly as influential buying lifted three months to £8,350, after an initial £8,125. ALUMINIUM was finally £688.5

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	923-4	−7	927-8	+13.5
3 months	951.5-2	+7	955.5-6	+15.5
Settlem't	924	+7	—	—
Cathodes				
Cash	922-4	+6.5	927-8	+14.5
3 months	944-5	+5.5	949-50	+14
Settlem't	924	+7	—	......
U.S. Prod	—		*82.5-9.25	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £923.5, three months £955, 54.5, 54, 52, 51, 52, 53, 51, 52, 51.5, 52, 50. Kerb: Wirebars, three months £955, 56, 57. Afternoon: Wirebars, three months £954, 54.5, 55, 55.5, 55, 54, 55, 54.5, 55. Cathodes, three months £949, 0. Kerb: Wirebars, three months £955, 56, 55.5, 56, 57, 58. Turnover: 22,450 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7975-85	+5	8200-10	+2.25
3 months	8160-5	+27.5	8350-1	+2.08
Settlem't	7985	+5	—	......
Standard				
Cash	7975-85	+5	8200-10	+2.25
3 months	8160-5	−27.5	8350-1	+2.08
Settlem't	7985	−5	—	......
Straits E.	†535.15	+0.05	—	......
New York	—	......		

Tin—Morning: Standard, cash £7,990, three months £8170, 75, 70, 60, 70, 65, 80. Kerb: Standard, three months £8,160, 55. Afternoon: Standard, cash £8,000, three months £8,170, 8,200, 10, 20, 50, 70, 80, 90, 70, 60, 50, 60, 55, 50, 55, 60, 70, 80, 90, 8,300, 10, 20, 30, 40, 50. Kerbs: Standard, three months £8,350, 30, 10, 20, 30, 40, 45, 40, 45, 50, 55, 50. Turnover: 2,990 tonnes.

Lead—Morning: cash £413, early September £410, three months £417, 16.5, 16, 16.5, 17, 18, 17, 17.5, 18. Kerb: Three months £418, 17.5, 18, 19. Afternoon: Three months £419, 18.5, 19, 18, 17, 16, 15. Kerb: Three months £413, 11, 10, 09, 10, 11, 12, 13. Turnover: 13,650 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	411.5-2	+6.5	407-9	+8
3 months	418-.5	+13	414-5	+7.25
Settlem't	412	+5		......
U.S. Spot	—	......	*42.4	......

Zinc—Morning: Three months £357, 37.5, 39, 39.5, 40, 39.5, 43, 42. Kerb: Three months £543, 44, 45, 44, 43.5, 44, 45, 46. Afternoon: Three months £544, 43, 41, 40, 37, 38, 37, 38, 35.5, 35, 35.5, 37, 37.5. Kerb: Three months £537.5, 37, 35, 36, 37. Turnover: 11,000 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	530-2	+28.1	525-5	+9.5
3 months	541-2	+21.7	536.5-7.5	+18.2
S'ment	532	+27	—	......
Primw'ts	—	—	*49.75-50	......

Aluminium—Morning: Three months £696, 95, 94, 93.5, 94, 90, 88, 87, 88, 89, 90, 89, 88, 87, 88, 87.5, 88. Kerb: Three months £688, 88.5, 88, 87, 86, 85. Afternoon: Three months £682, 80, 81, 80.5, 81, 82, 83, 85, 86. Kerb: Three months £686.5, 87, 88. Turnover: 10,900 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	662.5-4.5	−2	661-3	−4
3 months	687.5-8.5	−1.75	685-7	−4.5

Nickel—Morning: Three months £3,220, 30, 35. Kerb: Three months £3,230, 40. Afternoon: Three months £3,230. Kerb: Three months £3,240, 30, 25, 20. Turnover: 270 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	3180-90	+30	317-80	+59
3 months	3225-35	+27.5	3235-40	+30

* Cents per pound. ‡ MS per kilo. † On previous unofficial close.

SILVER

Silver was fixed 3p an ounce higher for spot delivery in the London bullion market yesterday at 483.4p. U.S. equivalents of the fixing levels were: spot $8.835, up 6.5c; three-month $9.28, up 6c; six-month $9.69, up 4.4c; and 12-month $10.4650, up 4.9c. The metal opened at 481-486p ($8.85-8.95) and closed at 475-480p ($8.75-8.85).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	483.40p	+3.00	472.5p	−7
3 months	498.65p	+2.45	488.5p	−7
6 months	515.00p	+2.30	—	......
12 months	549.00p	+2.30	—	......

LME—Turnover 149 (50) lots of 10,000 ozs. Morning: three months 500, 498.5. Kerbs: three months 500, 499. Afternoon: three months 495, 93.5, 90, 89. Kerbs: three months 489.

COCOA

After a dull morning with producers and consumers inactive awaiting further developments from the ICO a week New York market stimulated arbitrage selling, reports Gill dan Duffus.

COCOA	Yes'rday's Close	+ —	Business Done
Sept	1178-85	−17.0	1203-186
Dec	1225-24	−13.0	1238-21
March	1238-39	−13.0	1253-38
May	1248-49	−10.0	1261-47
July	1250-58	−10.0	1268-56
Sept	1260-65	−6.0	—
Dec	1270-80	−2.0	1285

Sales: 3,180 (1,847) lots of 10 tonnes.

ICCO—Daily price for Aug 26: 103.46 (103.49): Indicator price for Aug 27: 103.40 (103.07).

COFFEE

Heavy trade selling in spot September ensured a lower opening, reports Drexel Burnham Lambert. In nervous conditions dealers seemed reluctant to exert further pressure. Short covering operations were followed by a weak New York opening which dissolved support with switch trading a dominant feature.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	884-85	−15.5	904-78
Nov	904-05	−2.0	919-90
Jan	913-15	+3.0	927-12
March	925-27	+3.0	940-16
May	940-45	+0.5	950-27
July	950-60	+5.0	953
Sept	950-70	−20.0	—

Sales: 7,427 (6,360) lots of 5 tonnes.

ICO indicator prices for Aug 26: (U.C. cents per pound): Comp. Daily 101.13 (104.00): 20-day average 108.40 (110.46).

GAS OIL FUTURES

The market, depressed by the Nigerian crude oil price cut, found support from trade buying, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
August	300.00	−3.00	300.00-299.00
September	302.50	−0.25	303.00-01.50
October	304.50	−1.00	305.50-03.50
November	307.75	−0.75	308.00-07.00
December	310.75	−0.25	310.60-10.60
January	313.50	−0.50	312.50-12.50
February	317.00	−0.50	—
March	319.75	−0.25	—
April	321.75	−0.50	—

Turnover 336 (147) lots of 100 tonnes.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 254 tonnes. Activity was well maintained, with additional support in various American types, including African and Middle Eastern qualities.

GRAINS

The market opened slightly lower. Commercial buying lifted wheat before merchant hedge selling eased wheat and barley values. Near the close continued switching out of the September position occurred.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
Sep	105.40	....	98.45	−0.30
Nov	108.65	−0.15	102.05	−0.40
Jan	112.75	−0.10	106.00	−0.45
Mar	116.45	−0.05	109.65	−0.40
May	120.00	−0.15	113.20	−0.55
July	123.50	−0.55	—	—

Business done—Wheat: Sept 105.40-105.10, Nov 108.80-108.50, Jan 112.80-112.60, Mar 116.45-116.25, May 120.05-119.90, July 123.50 one trade. Sales: 237 lots of 100 tonnes. Barley: Sept 98.60-98.25, Nov 102.20-101.90, Jan 106.25-105.85, Mar 109.85-109.45, May 113.35-113.00. Sales: 315 lots of 100 tonnes.

HGCA—Location ex-farm spot prices. Other milling wheat: W. Mids. 105.50. Feed barley: S. East 95.20, S West 96.30, W. Mids. 93.80, N. West 93.90. The UK Monetary Coefficient for the week beginning Monday August 31 will remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent Aug 110.75, Sept 111, Oct 111.75 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent Sept 117 transhipment East Coast seller. English Feed fob Sept 103 traded South-East Coast. Maize: French Sept 126 transhipment East Coast seller. South African Yellow Sept/Oct 91.50 seller. Barley: English Feed fob (76 kilos) Sept 109.75-109.50, traded East Coast. Nov/Dec 115.75 traded East Coast. Rest unquoted.

RUBBER

The London physical market opened easier, with little interest throughout the day, closing idle. Lewis and Peat reported a fob Sept price for No. 1 RSS in Kuala Lumpur of 254.0 (255.0) cents a kg and SMR20 205.5 (206.0).

Sales: 291 (308) lots of 15 tonnes.

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Oct.	60.00-60.40	60.10-60.50	—
Nov.	60.60-61.00	60.90-61.00	—
Oct-Dec	60.70-60.90	60.90-61.10	61.00-67.70
Jan-Mar	64.00-64.10	64.10-64.20	64.50-65.80
Apl-Jne.	67.10-67.50	67.20-67.30	67.70-67.10
Jly-Sept	70.20-70.50	70.10-70.30	70.70-70.50
Oct-Dec	73.40-73.60	73.50-73.60	73.40
Jan-Mar	76.40-76.70	76.70-76.80	76.90-76.60
Apl-Jne.	79.70-79.80	74.80-79.80	79.70

nil (nil) lots of 5 tonnes. Physical closing prices (buyers) were: Spot 58.75p (58.50p): Oct 57.75p (58.00p): Nov 59.00p (59.25p).

SOYABEAN MEAL

The market opened 50p lower in dull trading conditions, reports T. G. Roddick. Prices remained steady at lower levels with general lack of selling.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
October	132.50-32.7	−1.15	133.50-32.60
December	132.00-32.5	−0.80	132.50
February	134.60-35.3	−0.90	135.50
April	135.50-38.0	−0.25	—
June	136.50-40.5	−0.50	—
August	137.00-42.5	−1.50	—
October	137.00-46.0	−1.75	—

Sales: 46 (50) lots of 100 tonnes.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business) New Zealand cents per kilo. Oct 396, 401, nil: Dec 402, 405, nil: Jan 403, 406, 407: March 414, 416, 416-414: May 424, 426, nil: Aug 432, 436, nil: Oct 440, 442, 441: Dec 440, 444, nil: Jan 440, 444, nil. Sales: 10.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kilo Oct 496.0, 496.5, 497.0-496.0: Dec 505.0, 506.0, 505.5-504.0: March 515.5, 516.5, 516.5-515.5: May 523.5, 524.0, 523.0-522.5: July 530.0, 535.0, 530.5-530.0: Oct 527.0, 529.0, 528.5-526.0: Dec 529.5, 532.0, untraded. Sales: 71

SUGAR

LONDON DAILY PRICE—Raw sugar £175.00 (£182.00) a tonne cif Aug-Sept-Oct shipments. White sugar daily price £174.00 (£182.00)

The market traded at new three month lows before rallying on short covering and trade pricing. The release by F. O. Licht of the first estimate of European beet production showing a potential improvement aided the slightly better tone, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Oct.	175.75-76.00	176.50-76.75	178.50-72.00
Jan.	174.50-75.00	175.00-75.90	173.00-69.95
March	179.25-79.50	178.75-79.05	181.00-75.50
May	185.25-85.50	185.00-85.50	185.30-79.50
Aug.	186.00-88.25	187.75-88.25	187.50-84.00
Oct	191.00-92.00	191.50-92.00	192.00-88.00
Jan.	191.00-93.45	190.00-96.50	191.00

Sales: 5,800 (5,123) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £360.4 (same) a tonne fob home trade and £280.5 (£288.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for August 26: Daily price 12.96 (13.28): 15-day average 14.88 (15.08).

POTATOES

LONDON POTATO FUTURES—The market was uncertain after unconfirmed news of East German purchase of Dutch potatoes, reported Coley and Harper. Closing prices: Nov 86.20, −0.80 (high 87.50, low 86.00); Feb 106.70, −0.80 (high 109.00, low 105.10): April 123.00, −1.30 (high 125.60, low 122.10). Turnover: 268 (361) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 71.5 to 75.5; Ulster hindquarters 80.0 to 80.0, forequarters 51.0 to 53.0. Veal: Dutch hinds and ends 112.0 to 120. Lamb: English small 54.0 to 60.0, medium 52.0 to 58.0, heavy 50.0 to 56.0: Scotch medium 48.0 to 58.0; Imported Frozen: New Zealand PL 57.0 to 57.0, PM 54.0 to 55.0. Pork: English, under 110 lbs 38.0 to 52.0, 100-120 lbs 40.0 to 57.0.

MEAT COMMISSION—Average Fatstock prices at representative markets on Aug 27: GB—Cattle 88.30p per kg lw (+0.75). UK—Sheep 122.21p per kg est dcw (+.94) GB—Pigs 68.71p per kg lw (+1.47).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: [illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

AMERICAN MARKETS

NEW YORK, August 27.

The precious metals and copper rallied on a decline in the Broker Loan Rate. The grain and soyabean complex remained under pressure on commission house liquidation. Cotton was under pressure on evening up ahead of the export sales report. Heating oil [illegible]

Pork Bellies—Feb 66.70-66.35 (65.80), March 66.00-66.20 (65.42), May 67.00, July 68.45-68.25, Aug 67.70.

†Soyabeans—Sept 664-663 (665¼), Nov 670-669 (676¼), Jan 682½-687½, March 709-708, May 726, July 741-742, Aug 744

[illegible]

Wednesday's closing prices

[illegible]

EUROPEAN MARKETS

[illegible]

INDICES

FINANCIAL TIMES

Aug. 26	Aug. 25	Month ago	Year ago
256.35	257.80	274.81	275.46

(Base: July 1, 1952=100)

MOODY'S

Aug. 26	Aug. 25	Month ago	Year ago
1029.0	1027.4	1067.8	1340.9

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 26	Aug. 25	Month ago	Year ago
Spot	352.60	354.15	357.60	443.34
Fut's	367.08	368.41	396.58	462.58

(Average 1924-25-26=100)

REUTERS

Aug. 27	Aug. 26	M'nth ago	Year ago
1639.9	1664.0	1758.8	1753.4

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Leading equities improve further despite Wall St fall
Aerospace issues featured but long Gilts drift lower

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug 10	Aug 26	Aug 27	Sept 7
Aug 28	Sept 10	Sept 11	Sept 21
Sept 14	Sept 24	Sept 25	Oct 5

* "New-time" dealings may take place from 9.30 am two business days earlier.

The three-week trading Account on the London Stock Exchange ended yesterday with leading shares showing less concern about the trend on Wall Street. The latter, after displaying some indecision on Wednesday, went sharply lower again at yesterday's opening, but the only effect this had on London was to stifle interest after the official, 3.30 pm, close when business is permitted without penalty for the trading Account starting today.

Still benefiting from Wednesday's crop of more cheerful company trading statements, the main body of top-quality industrials soon extended the previous session's upturn. New-time inquiry and bear-closing was extremely light, however, and values began to drift back with investors reluctant to commit funds ahead of the long holiday weekend.

Aerospace concerns likely to benefit from the recent big Harrier jet order attracted a flurry of investment buying and **British Aerospace** jumped 13 to 246p, while **Dowty** were nearly that much higher at 274p and **Lucas Industries** rose 6 to 233p. **Cadbury Schweppes** staged a strong advance of 5 to 99p ahead of Thursday's half-yearly results, but gains otherwise were generally modest. A 10 am rise of 4.2 in the FT Industrial Ordinary share index was pared to 2.1 at 3 pm before a forward move after-hours left a final gain of 3.8 at 562.3. Over the Account, this measure of the market gained 24.3.

Potential investors in Government securities shied at the prospect of U.S. interest rates remaining at high levels for some time yet, and disregarded news of a broker loan rate being cut from 19 to 18 per cent. The approaching holiday also restricted business and medium/longer maturities gradually gave up Wednesday's recoveries of ½. The shorter end of the market was again more resilient and quotations here, after easing initially, later returned to overnight list levels.

Demand for Traded options continued to contract. Only 781 deals were arranged yesterday, the lowest this month. **Grand Metropolitan** remained relatively active, attracting 147 calls, while a useful trade also developed in **Lasmo** and **Cons. Gold Fields** with 149 and 101 calls respectively.

Midland up again

The U.S. Federal Reserve Board's decision to allow Midland Bank to proceed with its $830m bid for majority control of Crocker National helped **Midland** put on 5 for a two-day advance of 23 at 345p. **Royal Bank of Scotland** rose 4 afresh to 194p on increasing hopes that the UK authorities will now give the green light to the bids from Hong Kong and Shanghai and Standard Chartered. Other major clearers continued to rise in sympathy but closed a few pence below the best. **Lloyds** added 3 at 415p, after 418p, and **Barclays** hardened the turn to 455p, after 458p. In merchant banks, **Leopold Joseph** gained 7 to 257p in a thin market.

Demand ahead of interim statements due next Wednesday left **GRE** 4 better at 372p and **Phoenix** 6 up at 318p. Other Composites moved higher with **Royals** closing 7 to the good at 407p and **General Accident** 4 better at 382p. In Life issues, **Sun Life** rose 4 more to 334p on bid hopes, while **Legal and General** attracted late support and finished 8 dearer at 257p.

Breweries, neglected of late, attracted useful support and closed with modest gains. **Bass** added a couple of pence to 232p, while **Scottish and Newcastle** gained the turn to 54½p. Regionals ended with gains to 4: **Youngs**, 264p, **Matthew Brown**, 184p, and **Wolverhampton and Dudley**, 240p, all firmed that much. Among Wines and Spirits, **Invergordon**, interim results due Monday, added 2 to 182p, while **Irish Distillers** revived with a gain of 4 to 52p.

Blue Circle and **London Brick**, strong on Wednesday on encouraging interim trading statements, encountered profit-taking: the former slipped to 514p before closing only 2 cheaper on balance at 522p, while the latter eased 3 to 77p. **Redland** softened a penny to 184p following the chairman's remarks at the annual meeting. Elsewhere in the Building sector, **Conder International** shed 5 to a 1981 low of 95p on the decision to close its Scottish factory, while **Misconcrete** lost 3 to 77p following the half-year loss. By contrast, **Phoenix Timber** attracted fresh speculative interest and advanced 14 for a two-day gain of 22 to 116p, while demand in a market short of stock left **Y. J. Lovell** 3 dearer at 265p.

ICI touched 276p before lack of follow-through support left the close 2 dearer on balance at 274p. Among other Chemicals, **Brent** touched 125p before settling a net 6 up at 123p on new-time interest, but **Scottish Agricultural Industries** shed 3 to 188p, after 186p, on the lower interim profits.

Leading Stores ended on a firm note. **House of Fraser**, interim results expected early next month, added 2 to 175p, as did **Mothercare**, 202p, and **Gussies A**, 470p. **Burton** gained the turn to 137p, while the **Warrants** were wanted at 50p, up 4. **Raybeck**, in contrast, eased 2 to 48p: the annual results are expected today. **Lee Cooper** revived with a rise of 8 to 143p, while **Owen Owen** added 5 to 255p. **Cornell Dresses** advanced 7 to 172p, but **Polly Peck** eased 5 to 340p. Further consideration of the mid-term statement lifted **A. G. Stanley** another penny to 64p, while **Harris Queensway** closed 4 dearer at 136p. **B. Paradise** held at 41p despite the return to profits.

Plessey firm

Leading Electricals took the previous day's technical rally a substantial stage further. Early buying followed by some late new-time demand for the Account starting today helped quotations close at the best of the day. **Plessey**, first-quarter figures due next Thursday, closed 7 better at 391p, while **Thorn EMI** added a similar amount to 482p as did **Racal**, to 462p. **GEC** rose 14 to 799p and **BICC** 6 to 277p; the latter's half-yearly figures are due on September 9. Elsewhere, **Lee Refrigeration** appreciated 7 to 222p following the results but **United Scientific** met profit-taking and shed 8 to 529p.

Hawker rose 6 to 346p in Engineerings on hopes of component orders from the big U.S. Harrier aircraft deal. **John Brown** improved 2½ to 88p but **Tubes** relinquished a similar amount to 148p. Demand ahead of the interim results, in the next Account, left **IMI** 2 dearer at 63½p and **Babcock** hardened the turn to 119p ahead of Tuesday's first-half figures. **James Dickie** lost 4 to 24p on the interim dividend cut and **Hill and Smith**, reflecting the lower profits, gave up 3 to 49p. **Thomas Robinson** declined 4 to 78p on further consideration of the halved interim dividend and first-half deficit.

The Food sector displayed a couple of firm features: **Bernard Matthews** advanced 22 to 165p in a thin market following the Government's move to curb cut-price poultry imports, while demand ahead of next Thursday's interim results lifted **Cadbury Schweppes** 5 to 99p. On the other hand, **Associated Dairies** shed 8 to 186p on second thoughts about the annual results, while **Somportex** lost 100 to 900p in a narrow market, the increased preliminary profits and scrip issue proposal having been discounted. **Needlers'** interim profits were deemed satisfactory, but the absence of a dividend left the shares a penny off at 71p.

Grand Metropolitan, dull of late on rights issue suggestions, rallied 3 to 198p with the help of a broker's circular.

Bowater good

Bowater stood out among the quietly firm miscellaneous industrial leaders, rising 8 to 276p following buying ahead of the interim results due on September 9 and on relief that its Beautility furniture subsidiary has finally been sold to **F. Austin (Leyton)**, unaltered at 14½p. **Rank Organisation** hardened 4 to 162p and **Beecham** 3 to 224p. Elsewhere, **William Press** rose 4 to a 1981 peak of 91p on a £10m British Gas order, while **Hoskins and Horton** advanced 15 to 105p following renewed speculative demand in a thin market. **Harvey and Thompson** continued firmly at 50p, up 5, and investment buying lifted **Vinten** 8 to 358p. Up 16 the previous day in response to a 32p per share cash bid from the privately-owned Orchard Holdings, **Robert Moss** improved initially to 38p before easing on profit-taking to close a net penny cheaper at 35p. Despite the first-half profits recovery and interim dividend payment, **Barget** fell 10 to 210p. **Royal Worcester** also shed 10, to 225p, and **Moben** gave up 2 to 18p.

The AV-8B Harrier development deal with the U.S. continued to direct good quality support to selected aerospace components manufacturers. **British Aerospace** advanced 13 to a 1981 peak of 246p, while **Dowty** rose 12 to 274p. **Lucas** touched 236p, before settling for a net gain of 6 at 233p, up 14 so far this week. Elsewhere, interest was also shown for **Automotive Products**, 68p, and **AE**, 48p, up 2 and 3 respectively.

Interest in Properties was confined to the leaders, **Land Securities** and **MEPC** rising 4 apiece to 336p and 246p respectively.

Lasmo dull

Oils ended the Account on a subdued note. **British Petroleum** settled a couple of pence cheaper at 312p and **Shell** 4 off at 370p, closing a net 15 down at 555p on **Lasmo** slipped to 550p before further consideration of the interim results, but **Ultramar** encountered late support and firmed 7 to 500p. **Tricentrol** eased 2 to 270p and **Sovereign** 5 to 375p.

Further support was forthcoming for **Inchcape**, 8 up at 373p.

Golds up again

South African Golds continued to edge higher on good U.S. buying. The Gold Mines index put on 6.0 to 363.3—a two-day gain of 8.7—while the bullion price dipped $3 to $412 an ounce.

Heavyweight Golds showed gains of a ½ and more common to **Randfontein**, £25½, **Winkelhaak**, £16½, **Hartebeest**, £30, and **Vaal Reefs**, £33½, while in the lower-priced issues **Venterspost** were 27 up at 543p and **Welkom** 14 firmer at 747p.

South African Financials were also firmer with **GFSA** ½ up at £40½ and **Middle Wits** 20 higher at 770p. Coals ran into Johannesburg selling which left "**Amcoal**" ½ cheaper at £16½ and **Transvaal Consolidated Land** a point off at £25.

Platinums attracted further support with **Impala** 5 ahead at 430p. In Diamonds, **De Beers** moved up 6 to 389p.

Patino NV advanced £3½ to a 1981 high of £34½ following persistent Canadian buying still reflecting the deal with **Northgate Exploration**.

Australians remained an uncertain market but speculative interest was reported in oil and gas issues following the oil discovery by a BHP-led consortium in the Surat Basin of Queensland.

In the base-metal leaders, however, **CRA** fell a further 6 to 238p while **Peko-Wallsend** dropped 5 to 430p, **Gold Mines of Kalgoorlie** a like amount to 430p and **Bond Corporation** 4 to 194p.

In the diamond stocks, **Northern Mining** partly-paid dipped 4 to 192p and the fully-paid shares a like amount to 310p following Endeavour's decision to proceed with its bid for the outstanding scrip in Northern Mining. **Ashton Mining** closed 9 off at 93p.

FINANCIAL TIMES STOCK INDICES

	Aug. 27	Aug. 26	Aug. 25	Aug. 24	Aug. 21	Aug. 20	A year ago
Government Secs	63.99	64.30	64.32	64.48	65.08	65.01	67.78
Fixed Interest	65.92	66.16	66.13	66.46	66.59	66.50	[illegible]
Industrial Ord	562.3	558.5	549.1	558.0	561.5	560.7	[illegible]
Gold Mines	363.3	357.3	354.6	367.5	370.6	372.0	390
Ord. Div. Yield	5.32	5.36	5.45	5.37	5.34	5.34	[illegible]
Earnings, Yld. % (full)	9.26	9.35	9.52	9.32	9.34	9.33	17.90
P/E Ratio (net) (*)	14.20	14.10	13.85	14.06	14.12	14.12	6.90
Total bargains	17,248	16,120	17,318	15,170	16,470	16,443	18,0[illegible]
Equity turnover £m.	—	115.82	119.93	87.75	98.20	116.10	116.[illegible]
Equity bargains	—	12,225	12,984	11,700	11,638	11,942	15,0[illegible]

10 am 562.7. 11 am 562.4. Noon 561.1. 1 pm 561.0. 2 pm 561 0. 3 pm 560.6.

Latest Index 01-246 8026.

Nil = 12.78.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	63.12 (21/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (28/8)	65.36 (21/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	262.6 (29/6)	558.9 (22/9/80)	43.5 (28/10/71)

S.E. ACTIVITY

	Aug. 26	Aug. 25
—Daily		
Gilt Edged Bargains	157.5	189.2
Equities Bargains	79.2	84.1
Value	250.1	248.4
5-day Avrge.		
Gilt Edged Bargains	165.8	163.8
Equities Bargains	78.4	78.8
Value	216.6	224.7

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (47)

BEERS (3)
Burtonwood; Young & Co.'s Non V; Young & Co.'s A

BUILDINGS (6)
Burt Boulton; Higgs & Hill; Fairclough Cons; Lilley (F. J. C.); French Kier; Lovell (Y. J.)

CHEMICALS (2)
Brent Chems.; Ransom (Wm.)

STORES (1)
Baker's Stores

ENGINEERING (3)
United Eng.; Weir Grp 10pc Cn. Pf; Weir Grp.

FOODS (3)
Belam; Paterson (R.); Glass Glover

INDUSTRIALS (17)
B E T. Defd; Pentland; Black Arrow; Petrocon; Brit. Aerospace; Phillips Patents; Copydex; Press (W.); Extel; Riley (E. J.); Harris (P.); Sketchley; Hoskins & Horton; Watsham's; Initial Services; Whatman R. Angel; Moss (Robert)

INSURANCES (2)
Brentnall Beard; Howden (A.) Warrants

NEWSPAPERS (1)
Bristol Post

TEXTILES (1)
Beckman A.

TRUSTS (7)
Eng. & Scot. Inv.; Northern Secs.; Group Investors; Tribune Inv.; Inv. in Success; Britannia Arrow; London & Strathclyde

MINES (1)
Patino NV

NEW LOWS (12)

BRITISH FUNDS (2)
Treas. 9pc '92-96; Redemp 3pc 1986-96

CANADIANS (1)
Hawker Sidd. Can

BUILDINGS (1)
Conder Int.

ENGINEERING (1)
R H P.

INDUSTRIALS (1)
Capt. Industries

TRUSTS (1)
Bonusbond

OILS (1)
Paliser Res.

MINES (4)
Rand London Coal; Anglo-Dominion; Tongkah; Barymin

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	63	29
Corpns., Dom. and Foreign Bonds	1	12	56
Industrials	291	148	935
Financial & Props.	132	62	307
Oils	25	22	54
Plantations	—	3	20
Mines	61	26	79
Others	38	57	98
Totals	548	393	1,578

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Blue Circle	522	−2	Grand Metropolitan	198	+3
Bowater	276	+8	Hanson Trust	280	+3
British Aerospace	246	+12	LASMO	555	−15
Cadbury Schweppes	99	+5	London Brick	77	−3
Consolidated Gold	525	+15	Lucas Industries	233	+6
Dowty	274	−12	Midland Bank	345	+5

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Weds. closing price pence	Day's change	Stock	No. of price changes	Weds. closing price pence	Day's change
Blue Circle	21	524	−38	Assoc. Dairies	13	194	+6
London Brick	20	80	−7	LASMO	13	570	−5
Thorn EMI	17	475	+10	Midland Bk.	13	340	+18
RTZ	16	580	—	Moss (R.)	13	36	+16
Utd. Scientific	15	537	−19	KCA	12	142	+7
Brit. Aerospace	14	233	+7	Plessey	12	384	+4
Racal Elec.	14	455	−5	GEC	11	785	+10

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 7	Sept 18	Dec 3	Dec 14
Sept 21	Oct 2	Dec 17	Dec 28
Oct 5	Oct 16	Dec 31	Jan 11

For rate indications see end of Share Information Service

Money was given for the call in FNFC, Double Eagle, Anvil Petroleum, Dunlop, Royal Bank of Scotland, Britannia Arrow, Bond Corporation, James Finlay, Cosait, RTZ, Sun Life, Woodside, Premier Oil and Keith Collins Petroleum. A put was done in Solicitors Law Stationery, while doubles were taken out in FNFC, Rothmans, Lonrho, Premier Oil, Hampton Areas, Cons. Gold Fields and Grindlays.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., Aug. 27, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. Aug. 26 Index No.	Tues. Aug. 25 Index No.	Mon. Aug. 24 Index No.	Fri. Aug. 21 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	374.53	+1.1	9.43	4.14	13.16	370.42	367.37	371.50	371.30	280.49
2	Building Materials (25)	328.54	+0.3	11.69	5.20	10.51	327.50	322.90	326.15	324.06	255.04
3	Contracting, Construction (28)	594.49	+0.5	16.11	4.81	7.21	591.55	589.76	594.29	589.40	414.73
4	Electricals (30)	1243.32	+1.5	7.26	2.22	17.17	1225.25	1212.48	1229.87	1231.77	833.05
5	Engineering Contractors (10)	502.21	+0.2	12.78	5.43	9.22	501.43	498.60	500.84	500.38	334.15
6	Mechanical Engineering (69)	215.20	+1.6	11.18	5.29	11.55	212.45	211.15	212.44	212.10	160.34
8	Metals and Metal Forming (13)	170.73	+0.3	9.31	6.96	14.08	170.27	166.71	167.55	167.59	163.03
9	Motors (21)	106.82	+1.5	1.60	6.48	—	105.15	104.25	104.34	105.00	100.05
10	Other Industrial Materials (18)	390.14	+0.9	9.22	5.15	13.00	386.50	380.53	396.36	397.57	0.00
21	CONSUMER GROUP (195)	288.60	+0.7	11.92	5.55	10.37	286.49	284.72	288.98	290.03	238.64
22	Brewers and Distillers (20)	304.54	+1.2	14.63	6.33	8.19	301.08	299.07	302.59	305.36	290.34
25	Food Manufacturing (21)	270.47	+1.0	14.38	6.16	8.38	267.79	267.29	270.73	270.90	217.31
26	Food Retailing (14)	551.94	−0.4	8.99	3.24	13.23	554.42	550.27	556.76	559.90	364.92
27	Health and Household Products (7)	357.69	+0.8	7.74	4.11	15.40	354.84	349.16	358.12	359.60	231.87
29	Leisure (22)	460.46	+0.8	8.96	4.65	13.87	456.61	453.52	461.91	463.00	338.16
32	Newspapers, Publishing (12)	510.16	+0.4	12.12	5.80	11.80	508.15	505.93	508.82	497.66	433.23
33	Packaging and Paper (13)	154.51	+1.6	13.49	6.85	8.82	152.10	151.55	154.30	154.24	127.40
34	Stores (44)	268.39	+0.7	10.78	4.97	12.37	266.61	264.88	268.00	269.03	232.57
35	Textiles (23)	163.26	+1.0	7.26	5.59	19.73	161.66	161.00	162.81	163.69	120.35
36	Tobaccos (3)	260.93	+0.1	19.47	9.56	6.02	260.78	260.87	267.19	267.77	224.97
39	Other Consumer (16)	291.05	−0.1	4.19	5.79	61.10	291.32	288.65	289.57	288.21	0.00
41	OTHER GROUPS (79)	233.43	+0.5	9.87	6.14	13.25	232.19	231.37	234.87	235.73	223.76
42	Chemicals (15)	292.05	+0.6	4.65	6.22	41.35	290.41	288.62	295.94	297.72	310.29
44	Office Equipment (5)	113.43	+1.3	15.09	7.54	8.00	111.95	112.59	113.14	112.31	106.42
45	Shipping and Transport (13)	536.77	+0.5	15.39	7.10	7.72	533.92	529.85	535.16	542.54	599.76
46	Miscellaneous (46)	310.00	+0.3	12.55	5.42	9.80	308.98	308.58	311.41	311.07	277.08
49	INDUSTRIAL GROUP (488)	309.92	+0.9	10.72	5.08	11.63	307.29	305.24	309.38	310.01	252.56
51	Oils (12)	721.01	−0.7	23.37	7.98	4.75	725.79	722.50	722.71	748.56	781.55
59	500 SHARE INDEX	343.28	+0.6	12.82	5.56	9.38	341.22	339.08	342.91	345.51	294.51
61	FINANCIAL GROUP (119)	276.51	+0.7	—	5.40	—	274.49	275.24	276.34	276.77	234.04
62	Banks (6)	282.75	+0.8	31.51	6.63	3.74	280.62	275.75	279.66	280.67	233.75
63	Discount Houses (10)	268.94	−0.7	—	8.38	—	270.80	270.40	274.75	275.41	280.16
64	Hire Purchase (3)	254.89	−0.6	12.01	7.13	11.52	256.37	256.37	257.85	258.72	217.26
65	Insurance (Life) (10)	290.21	+1.1	—	5.25	—	286.99	288.35	290.77	290.93	241.38
66	Insurance (Composite) (9)	184.35	+1.0	—	7.07	—	182.95	183.21	185.29	185.76	160.88
67	Insurance Brokers (8)	431.26	+0.3	10.52	5.38	13.15	429.83	428.26	431.03	432.25	331.21
68	Merchant Banks (13)	172.93	+0.1	—	4.92	—	172.81	171.93	173.33	172.44	140.72
69	Property (50)	492.36	+0.8	3.90	2.85	34.70	488.59	485.77	493.26	493.50	435.42
70	Miscellaneous (10)	183.89	−0.1	17.42	5.76	6.99	184.12	184.20	185.93	185.22	146.85
71	Investment Trusts (109)	325.78	+0.5	—	4.89	—	324.02	324.09	327.41	328.58	267.94
81	Mining Finance (3)	280.97	+2.2	12.53	4.86	9.40	274.83	273.02	273.13	281.99	242.41
91	Overseas Traders (19)	427.40	−0.1	10.91	6.96	11.69	427.92	426.29	433.51	435.51	426.78
99	ALL-SHARE INDEX (750)	330.46	+0.7	—	5.50	—	328.32	326.50	330.28	332.38	263.11

FIXED INTEREST

	PRICE INDICES	Thur. Aug. 27	Day's change %	Wed. Aug. 26	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.47	+0.03	106.44	—	7.82
2	5-15 years	102.54	−0.42	102.98	—	8.60
3	Over 15 years	103.18	−0.52	103.72	—	10.22
4	Irredeemables	113.11	−0.48	113.66	—	8.71
5	All Stocks	103.75	−0.30	104.07	—	8.30
6	Debentures & Loans	81.22	+0.12	81.53	0.46	7.49
7	Preference	62.24	+0.04	62.21	—	5.10

	AVERAGE GROSS REDEMPTION YIELDS		Thur. Aug. 27	Wed. Aug. 26	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.56	12.52	12.28
2		15 years	13.39	13.29	12.27
3		25 years	13.64	13.53	12.27
4	Medium Coupons	5 years	14.81	14.77	13.89
5		15 years	15.38	15.29	13.78
6		25 years	14.91	14.82	13.68
7	High Coupons	5 years	14.78	14.75	14.04
8		15 years	15.56	15.47	14.13
9		25 years	15.12	15.05	13.93
10	Irredeemables †		13.13	13.07	11.79
11	Debs & Loans	5 years	15.61	15.65	14.57
12		15 years	15.91	15.92	14.34
13		25 years	15.98	15.97	14.16
14	Preference		15.83	15.84	14.45

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
153	F.P.	21/8	173	152	♣Aerospace Eng.	154	.....	bd7.5	1.4	7.0	14.5
64	F.P.	3/9	63	60½	East of Scot. Onshore	61	.....	g0.83	—	2.0	—
152	F.P.	24/9	90	75	♣Fleet St. Letter 5p	89	−2	u2.5	1.9	4.1	16.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd.* ...[59.35 9.77] 3.59
Clive Gilt Fd. (C.I.) ...[7.89 8.24] 16.02
*Prices on August 27. Next dealing September 3.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. ...[255.5 278.0] ..... —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. ...|US$98.15 — |+0.09| —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) ...[86.8 86.9] 15.54
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa ...|DM33.68 35.40|−0.25| —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Aug. 18 ...[$4.39 4.61] ..... —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra ...|DM17.77 18.21|−0.36| —
Int. Rentenfonds ...|DM62.07 63.62| —

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 76029
HS Channel Is. Fd. ...[152.6 162.7] 3.25
H.S. Fxd. Int. Fd. ...[84.0 ...] 14.00

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26[illegible]
O.C. America Fd.† ...|US$2.64 2.80| ..... —

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	66.0	71.0	-0.4	2.04
Abbey Capital	[illegible]	56.9	+0.3	3.89
Abbey General	62.3	67.4	+0.5	4.55
Abbey Gilt & F.I. Tst.	[illegible]	103.8		12.72
Abbey Income	36.2	41.3	+0.2	8.45
Abbey W'w.Bd.Tst.	97.2	102.8	+0.1	6.52
Abbey Inv. Ts. Fd.	58.0	62.7	+0.3	3.85
Equitas Prog. Tst.	90.2	97.3	+0.5	4.19

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt Trust	82.4	86.7	-0.2	13.25

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	95.6	102.3	+0.7	5.47
Brit. Inds. Fund	[illegible]	97.2	+0.4	5.94
Growth & Income	[illegible]	60.1	+0.3	4.16
Elect. & Ind. Dev.	50.2	53.7	+0.3	4.46
Allied Capital	108.1	115.7	+0.9	3.80
Hambro Fund	143.9	154.0	+0.7	5.20
Hambro Acc. Fund	205.2	219.6	+1.2	3.73
Income Funds				
High Yield Fd.	68.7	73.5	+0.3	8.16
High Income	87.3	93.4	+0.5	6.85
Equity Income Fd.	49.2	52.6	+0.3	7.01
Govt. Secs.	23.3	24.0		12.91
International Funds				
International	39.5	42.3	-0.3	2.01
Japan Fund	32.3	34.6	-0.3	0.47
Pacific Fund	81.1	86.8	-1.0	1.19
Secs. Of America	89.47	96.0	-0.5	2.58
Specialist Funds				
Smaller Co.'s Fd.	61.0	65.3	+0.1	3.99
2nd Smlr. Co's Fd.	76.7	82.1	+0.5	3.62
Recovery	30.0	32.1	+0.2	4.39
Met. Min. & C'dty.	69.7	74.6		4.92
Overseas Earnings	81.5	87.2	+0.6	4.70
Exempt Funds				
Income Exempt	54.4	57.1	+0.3	7.96
Far East Exempt	87.8	93.3	-1.0	1.22
Smaller Co. Exempt	102.2	107.3	+0.9	3.68
U.S.A. Exempt	143.0	148.7	+0.3	2.48

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	74.6	80.6		3.07

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4991

Inc. Monthly Fund	165.0	175.0		—
Leics.&Gen.Fd.	55.0	58.0		6.82

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	35.9	39.2	+0.2	11.60
North American	67.0	72.4	-0.4	2.34
Canadian Exempt*	77.5	82.0		2.80
Canadian Trust	69.3	74.9	-0.4	2.35
Mid Mount. High Inc.*	45.8	48.4		9.95
Recovery	58.4	63.8	-0.2	6.74
Gilt Trust	39.2	41.1		14.10

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	46.0	49.8	-0.1	0.50
Cres. Internat'l.	95.9	103.5	-0.3	1.46
Cres. High. Dist.	44.7	48.2	+0.3	9.34
Cres. Reserves	54.6	58.9	+0.3	5.09
Cres. Tokyo	44.6	48.1	-0.6	0.26

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.6	25.0		7.31

Discretionary Unit Fund Managers
36/38 New Broad St., EC2M 1NU. 01-638 4485

Disc. Inc. Aug 27	262.8	280.2	+11.6	4.71

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	18.8	20.9		8.30
Gt. Winchester O'seas	30.8	34.2		3.40

For Ensign and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	99.3	104.5	+0.8	4.16

Fidelity International Management Ltd.
62-63 Queen St., London EC4 1AD 01-248 4891

American (z)	41.1	44.2	-0.2	0.39
Ameri.Spec.Sits. (z)	30.6	33.0	+0.1	0.05
Gilt + Fixed Int.	22.8	23.9		13.50
Growth + Income	35.6	38.3	+0.1	6.53
Maximum Inc. Eq. Tst.	30.6	33.0	+0.1	8.26
Special Sits.	41.2	45.3		1.24

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	41.6	44.7		1.22
Accum. Units	51.8	55.6		1.22
J. Finlay High Income	37.9	40.7		8.87
Finlay Wld. Energy	20.0	21.5	-0.1	1.08
Accum. Units	25.9	27.8	-0.1	1.08
J. Finlay Fd. In.Tst.	43.3	46.5		4.66
Accum. Units	56.1	60.3		4.66

Prices on Aug. 26. Next dealing Sept. 2.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	94.8	101.2	-0.6	0.88
Am. T'around.	86.4	92.4	-0.4	1.58
(Accum. Units)	86.4	92.4	-0.4	1.58
Capital Tst.	68.8	73.4	+0.2	4.54
(Accum. Units)	72.6	77.6	+0.2	4.54
Convertible & Gilt	48.0	50.4	+0.2	10.08
(Accum. Units)	49.0	51.4	+0.2	10.08
Extra Income Trust	54.4	58.0	+0.4	8.79
Income Tst.	45.6	48.6	+0.2	6.63
Int. Growth Fd.	75.0	80.2	-0.4	1.17

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPERS, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- ÷ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a): not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

фф Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	46	......	Conv. 9% '80/82	£92⅜	......
Bertrams	10	......	Nat. 9¼% 84/89	£69¼	......
Bdg'wtr. Est. 50p	465	......	Fin. 13% 97/02	£79⅝	......
Craig & Rose £1	£15	......	Alliance Gas	67	......
Finlay Pkg. 5p	22	......	Arnott	225	+5
Graig Ship. £1	£23	......	Carroll (P.J.)	81	......
Higsons Brew.	68	......	Concrete Prods.	91	......
Holt (Jos) 25p	509	......	Helton (Hldgs.)	29xd	......
I.O.M. Stm. £1	165	......	Irish Ropes	44	......
Pearce (C. H.)	860	+10	Jacob	64	......
Peel Hldgs.	100	......	T.M.G.	16	......
Shelf. Refrshmt	93xd	......	Unidare	75xd	......
Sindall (Wm.)	194	......			

OPTIONS

3-month Call Rates

Industrials		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	20	Vickers	18
BOC Intl.	11	"Imps"	7	Woolworths	6
B.S.R.	7	I.C.L.	6		
Babcock	21	Ladbroke	30	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	8
Beecham	18	Lex Service	10	Cap. Counties	11
Blue Circle	35	Lloyds Bank	28	Land Secs.	37
Boots	20	"Lofs"	4½	MEPC	20
Bowaters	24	London Brick	7	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	25	"Mams"	20	Town & City	2¾
Brown (J.)	9	Mrks. & Spncr	11		
Burton Ord.	14	Midland Bank	26	**Oils**	
Cadburys	7½	N.E.I.	8	Brit. Petroleum	33
Courtaulds	7	Nat. West. Bank	32	Burmah Oil	16
Debenhams	10	P & O Dfd	12	Charterhall	8
Distillers	17	Plessey	28	KCA	22
Dunlop	8½	Racal Elect.	34	Premier	7½
Eagle Star	25	R.H.M.	5	Shell	32
F.N.F.C.	3	Rank Org. Ord.	18	Tricentrol	30
Gen. Accident	38	Reed Intnl.	25	Ultramar	44
Gen. Electric	60	Sears	5		
Glaxo	28	Tesco	5½	**Mines**	
Grand Met.	18	Thorn EMI	30	Charter Cons.	21
G.U.S. 'A'	44	Trust Houses	15	Cons. Gold	45
Guardian	30	Tube Invest.	16	Lonrho	9
G.K.N.	15	Turner & Newall	10	Rio T. Zinc	45
Hawker Sidd.	25	Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Friday August 28 1981

UK recovery 'likely to be marginal'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ECONOMIC ACTIVITY in the UK appears to havet ouched bottom in the first half of this year but any recovery is likely to be very small, the National Institute of Economic and Social Research forecasts in its latest quarterly review, published yesterday.

The institute, an independent research body, warns that unemployment is likely to continue to rise, while average living standards will probably fall. The slowdown in the rate of price inflation has come to an end for the time being, at just over 10 per cent, it adds.

The analysis is in the neo-Keynesian tradition, which is sceptical about the claims of monetarism and the chances for success of the Government's medium-term financial strategy.

The review considers, in particular, the debate about the state of the economy and the prospects for recovery.

The institute adds its voice to the growing number of economists and City analysts who have been arguing that the bottom of the recession, in terms of real Gross Domestic Product, was reached in the first half of this year.

The institute, however, is cautious about the outlook. It suggests that only a "marginal improvement" in activity is likely over the next 18 months—and that would be due solely to a slowdown in destocking.

There will be more redundancies in the West Midlands, according to a survey of business opinion published by the regional office of the Confederation of British Industry. Page 5

The review notes that later figures may show the trough to have been later, while indicators such as industrial output and average living standards have yet to touch bottom.

Adult unemployment, meanwhile, is likely to increase by a further 350,000 between the middle of this year and the end of 1982. The overall "headline" figure may rise above 3m this year but seasonal fluctuations, along with government schemes reducing the number of jobless school-leavers, may lead to a fall in that figure next year.

The institute notes that the depth of a recession is often measured as a ratio to a longer-term trend and not in absolute terms. On that basis, the trend rate of growth only has to be 1 per cent a year for the recession to continue to deepen until the end of 1982.

The broadly monetarist London Business School argues in an analysis published today that the dispute over the meaning of the word "recession" conceals a more profound disagreement about the true amount of spare capacity in the economy.

It believes there has been a permanent reduction of manufacturing output. This is only partly because of the recession: it also reflects the impact of technological changes and the rise in energy prices.

The Business School concludes that the usual measures of capacity probably overstate the amount by which production can be inceased simply by boosting aggregate demand.

In contrast, the institute argues that reflation is needed to increase output again. If this reflation is to succeed, wage demands must be moderate, to allow a restoration of profitability and the maintenance of competitiveness.

A comparison of the institute and Business School projections shows general agreement about the expected pattern of activity this year. But the institute is more pessimistic about the prospects for recovery, inflation and unemployment in 1982.

COMPARISON OF FORECASTS
(% change unless stated)

		National Institute	London Business School
Gross Domestic Product	1981	−1.3	−1.7
	1982	+0.9	+2.8
Consumer spending	1981	−0.1	+0.8
	1982	−0.1	+1.3
Consumer price inflation, 4th quarter	1981	10.5	10.6
	1982	10.1	8.1
Current account, £bn	1981	+5.5	+3.8
	1982	+4.9	+1.7
Unemployment, m, 4th quarter*	1981	2.5	2.67
	1982	2.8	2.66
Public sector borrowing, £bn	1981-82	11.0	10.6
	1982-83	8.6	7.3

* Figures for Great Britain excluding Northern Ireland for National Institute and for UK for Business School.

Government to extend youth works subsidies

By John Lloyd, Labour Correspondent

THE GOVERNMENT is to extend its package of subsidies to encourage the employment of young workers at a cost of about £10m in a full year.

Employers will be able to claim £7.50 a week for each employee under the age of 18 earning between £40 and £45 a week.

This is on top of the £15 a week employers will be able to claim for each worker under the age of 18 employed at a wage below £40 a week.

The package has been sharply attacked already by the unions for encouraging low pay. Last night, Mr Len Murray, TUC general secretary, said the scheme was "thoroughly offensive" to the unions.

"The Government would do better to put resources into increasing the Youth Opportunity Programme allowance than in spending money on ill thought out schemes like this," he added.

This extra subsidy was announced by the Department of Employment yesterday. The main part of the scheme had been sketched out by the Prime Minister last month when she announced measures costing £700m aimed at removing 460,000 people from the unemployment register.

These subsidies, under the title of the Young Workers Scheme, will start from January 4, but will apply to workers recruited in the remainder of 1981. They will be available for a maximum of 12 months.

The subsidies for those earning under £40—the brainchild of Professor Alan Walters, the Prime Minister's economic adviser—was budgeted at about £60m a year. The subsidies for those earning between £40 and £45 is reckoned to cost a further £10m.

All employers, except those in the public services and domestic employment, will be able to claim under the scheme. Payments will be made quarterly in arrears.

The discrimination against public service employers is in line with the Government's policy of slimming employment in areas such as the Civil Service, the National Health Service and the utilities. It does not apply to publicly owned productive industry.

Banks in Euro travel cheque pact

BY ALAN FRIEDMAN

MIDLAND BANK yesterday reached agreement on plans to develop a Europe-wide travellers' cheque system with the consortium of 1,000 European banks known as Euro-Travellers Cheque International (ETCI).

The bank also announced a joint venture between its Thomas Cook travellers' cheque subsidiary and Mastercard, the international payment systems group, under which the two organisations will develop joint Cook-Mastercard travellers' cheques in dollars and sterling.

This agreement, which provides Mastercard with European servicing and acceptance facilities for its new dollar cheque, calls for the launch of the joint cheques by next spring.

Yesterday's developments, which followed two and a half years of complex negotiations, came after a board meeting of ETCI in Brussels. ETCI is the consortium of European banks from the UK, West Germany, Switzerland, France, the Netherlands, Belgium, Denmark, Austria, Norway, Portugal, Sweden and Luxembourg which was set up to devise a Europe-wide travellers' cheque system to counter other market participants such as American Express.

Mr John Brooks, deputy group cheif executive of Midland, met the ETCI board yesterday and told the bankers of Midland's deal with Mastercard.

The West Germans then announced they would not participate in any project between Thomas Cook and European banks to develop a Europe-wide travellers' cheque system. Instead, the West Germans will enter a three-year sales agreement with American Express under which they would sell D-Mark travellers' cheques.

After this statement by the Germans, the board of ETCI decided to ask Thomas Cook to explore the sales potential within Europe (excluding West Germany) for a multi-currency European cheque.

Thomas Cook will prepare, in addition to its joint venture with Mastercard, a combined travellers' cheque in dollars and sterling which will incorporate the ETCI logo as well. By next spring this could mean a Thomas Cook travellers' cheque with both Mastercard and ETCI represented on the face.

In addition, yesterday's Brussels meeting paved the way for Cook to investigate the development of other joint cheques in Dutch, Swiss, French and German currencies. It is still not clear how many European banks may participate in this venture.

It is likely that because the German banks have chosen to deal with American Express, any Cook cheques in Deutsche Marks would be sold largely outside West Germany even though they would be accepted by German banks.

Mr David McWilliam, chief executive of ETCI, said yesterday: "It is unfortunate that Germany has made this decision." But he added his hope that Midland Bank, working through Cook, would develop a joint cheque which might become "the European travellers cheque."

Algeria offers to pay oil for Honda cars

BY FRANCIS GHILÈS IN LONDON AND CHARLES SMITH IN TOKYO

ALGERIA HAS offered to buy 15.00 Honda cars from Japan using oil rather than cash as a means of payment.

The proposal is one of the first of several oil-for-goods barter deals expected from oil exporting countries and is aimed at resisting pressure by major oil producers to reduce the price of crude.

In a separate development, Algeria has offered an important concession to France in its long-running dispute over the price France pays for liquified natural gas (LNG) supplied by Algeria.

In the dispute, Sonatrach, the Algerian state oil and gas company, is understood to have dropped its insistence that any rise in the price of LNG charged to France will be backdated.

In Tokyo, Sonacome, the Algerian state-owned transport machinery company, has offered to buy the Hondas in exchange for oil deliveries rather than cash.

The oil-for-goods proposal was indicated at the close of last week's unsuccessful talks on price alignment among members of the Oil Producing Exporting Countries (Opec), but the exact nature of Algeria's intentions did not emerge until yesterday.

And, earlier this week, Libya made a similar proposal to have an Indian company accept oil in part payment for construction of a transmission tower in Libya.

According to Nichimen, the trading company, which is negotiating the Honda deal, the acceptability or otherwise of the Algerian barter offer depends mainly on the price. Sonacome quoted a price of $40 per barrel in its initial barter proposal compared with the $32-33 per barrel at which Algerian crude is currently available on the spot market.

Nichimen says it will not accept such a high price but might be prepared to consider an oil-for-cars deal if the price comes down.

The Honda sale to Sonacome would be the second bulk sale of Honda cars to Algeria.

Last year, Sonacome bought 8,500 Honda cars for which it paid cash.

Honda itself has no particular view on the desirability or otherwise of an oil-financed contract since it would not be directly involved either in discussing price levels or in disposing of the oil.

Lloyd's profits leap to record level of £174m

BY JOHN MOORE

LLOYD'S of London, the insurance market supported by a private membership, has declared record profits of £174.4m for 1978, the most recent period for which figures are available. The profits exceeded Lloyd's previous record for the 1975 account, by nearly £40m.

Aviation insurers operating in Lloyd's market made their first loss since 1957, however. Underwriting losses of £1.4m were recorded for the 1978 year.

Aggressive competition from Lloyd's aviation underwriters seeking to increase their share of the London market led to large premium rate reductions and losses as claims have soared.

Lloyd's, indicating recent trends, said yesterday, that in 1980 aviation insurers worldwide had faced a total of $190m (£103m) in claims on the destruction of 23 Western-built airliners, including two jumbo jets.

Lloyd's uses a three-year accounting method. Under the system, accounts are kept open for three years and claims paid in the period of account are taken back to the year when the insurances were arranged.

Lloyd's said motor insurance premium rate increases are running at a level lower than expected this year. Although some underwriters had been expecting rate rises of 15 per cent, rate increases are averaging 7.5 per cent.

Mr Peter Green, Lloyd's chairman, said more than £63m of the latest profit figures was represented by investment income from high interest rates. "Revenue from investment can depress insurance rates," while providing reasonable profit margins. Investment income, he said, "is no substitute for a soundly based rate structure."

Details, Page 5

Continued from Page 1

Engineering

the federation in last year's negotiations.

It argued that:

- Job losses in the industry to May, 1981, totalled 370,000, largely due to permanent closures and liquidations;
- Some 272 EEF member companies were liquidated last year and the total this year is expected to be more than 470;
- Nearly 300,000 manual workers in the industry are on short-time;
- Between 1975 and 1980, average earnings in the industry rose by 99 per cent while productivity remained flat;
- Prices of the industry's consumer products rose by 5.5 per cent in the year to June while the rise in the retail prices index was 11.3 and utility charges increased by over 20 per cent.
- Merchanical engineering orders this year are expected to be 16 per cent below 1979 in volume terms. A "very small" recovery is forecast for 1982.

Continued from Page 1

Thomson

France to support the U.S. venture. Based on the public pronouncements of the French Government, Continental could not see the French company being allowed freely to move its resources.

Under the French regulations, Thomson-CSF would also have been obliged to start repatriating profits within two years.

Guy de Jonquieres writes: The deal between Thompson and Continental was the most ambitio usattempt yet by any major French company to establish a beachhead in the fast-growing U.S. market for sophisticated business information systems.

Its cancellation is likely to be seen as a setback not only for Thomson but also for France's wider state-backed campaign to become a world leader in electronic and communications technology.

Thomson is also collaborating with Xerox in the development of optical storage discs. It has signed an agreement whereby its facsimile machines will be distributed in the U.S. by Minnesota Mining and Manufacturing and it has agreed to supply General Telephone and Electronics with 35,000 videotex terminals.

R-R reveals more engine talks

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE has been discussing collaboration on aero-engine development with several major foreign companies, including General Electric of the U.S. in addition to discussions with Pratt and Whitney on the engine for the 150-seater airliner.

This emerged yesterday when Rolls-Royce confirmed the talks with Pratt and Whitney.

Rolls-Royce agrees with the view expressed earlier this year at the Paris International Air Show by Mr Robert Carlson, president of Pratt and Whitney, that for three airframe companies and three engine companies to embark upon engines and airframes for the 150-seater would be "industrial self-immolation."

Rolls-Royce is interested in widening international collaboration on its RJ-500 engine, which it is now developing with the Japanese aero-engine industry — Ishikawajima-Harima heavy Industries, Kawasaki Heavy Industries and Mitsubishi Heavy Industries.

Rolls-Royce and Pratt and Whitney say talks are tentative and exploratory.

The estimated development cost of an aero engine today is about $1bn (£542m). With three engines in the fight for the 150-seater orders (Rolls-Royce, Pratt and Whitney, and CFM International) costs could total $3bn.

Three airframe builders are also involved—Airbus Industrie, Fokker/McDonnell Douglas, and Boeing—each spending another $1bn, so total outlays are likely to be about $6bn.

Engine and airframe builders would both like to see outlay reduced. The engine makers are already talking but there has been virtually no contact between airframe groups.

Boeing, although prepared to fight alone, has indicated willingness to discuss collaboration with European makers on the airframe.

Rolls-Royce is far ahead of Pratt and Whitney on the RJ-500 for the new generation of airliners and will run a test-bed "demonstrator" engine next year.

Easing the stress, Page 13

Weather

MAINLY dray and very warm.

London, E. Anglia, Midlands, S.E., S., S.W., N. and E. England, Channel Islands.
Dry and hot, cooler near coast. Max. 27 C.

Wales, Lake District, Isle of Man, N.W. England, S.W. Scotland.
Very warm, some showers later. Max. 24 C.

N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Glasgow, Highlands.
Dry and sunny after early fog. Max. 24 C.

Orkney, Shetland.
Cloudy with drizzle. Max. 15 C.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	L. Ang.†	F	20	68
Algiers	S	26	79	Luxmbg.	S	17	63
Amsdm.	C	20	68	Luxor	S	42	108
Athens	S	21	70	Madrid	S	29	84
Bahrain	S	36	97	Majorca	S	26	79
Barclna.	S	26	79	Malaga	S	26	79
Beirut	S	30	86	Malta	C	25	77
Belfast	S	21	70	M'chstr.	S	22	72
Belgrd.	C	22	72	Melbne.	C	11	52
Berlin	F	17	63	Mx.C.†			
Biarritz	S	28	82	Miami†	F	26	79
Bmghm.	S	24	75	Milan	S	25	77
Blackpl.	S	17	63	Montrl.†	C	16	61
Bordx.	S	28	82	Moscow	R	14	57
Boulgn.	F	18	64	Munich	C	17	63
Bristol	S	25	77	Nairobi	F	24	75
Brussels	F	19	66	Naples	S	26	79
Budpst.	C	18	64	Nassau			
Cairo	S	24	75	Nwcstl.	S	20	68
Cardiff	S	24	75	N.York†	C	19	66
Cas'b'ca	S	26	79	Nice	F	24	75
Cape T.	F	10	50	Nicosia	S	29	84
Chicg.†	C	19	66	Oporto	C	17	63
Cologne	C	16	61	Oslo	F	17	63
Conhgn.	S	17	63	Paris	S	22	72
Corfu	S	18	64	Perth	S	16	61
Denver†				Prague	C	14	57
Dublin	S	17	63	Rykjvk.	C	13	55
Dbrvnk.	F	23	73	Rhodes	S	24	75
Ednbgh.	S	22	72	Rio J'o†			
Faro	S	28	82	Roma	S	26	79
Florence	S	27	81	Salzbrg.	R	17	63
Frankft.	C	18	64	S'ciscot	F	11	52
Funchal	S	26	79	S. Mritz.			
Geneva	S	22	72	Singapr.			
Gibrltr.				S'tiago†			
Gl'sg'w	S	21	70	Stckhm	F	14	57
G'rnsey	S	23	73	Strasbg.	S	20	68
Helsinki	R	15	59	Sydney			
H. Kong	T	27	81	Tangier	S	29	84
Innsbrk.	C	17	63	Tel Aviv	S	30	86
Invrnss.	C	21	70	Tenerife	S	35	95
I.o.Man	S	15	59	Tokyo	F	31	88
Istanbul	R	22	72	T'r'nto†	C	17	63
Jersey	S	24	75	Tunis	S	27	81
Jo'burg	F	16	61	Valencia	S	27	81
L. Plms.	S	28	82	Venice	S	23	73
Lisbon	S	27	81	Vienna	F	19	66
Locarno	S	23	73	Warsaw	F	16	61
London	S	25	77	Zurich	F	21	70

C—Cloudy, F—Fair, R—Rain, S—Sunny, T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

AEG troubled by power cuts

The interim statement from AEG-Telefunken has a depressingly familiar ring to it. Almost two years after an unprecedented rescue operation by West Germany's banks and the company's shareholders, a return to profitability looks almost as far away as ever.

The company's reorganisation programme has, as expected, made a little headway. First-half losses have reassuringly been held within an unspecified budget and the full-year shortfall is expected to be slightly below the 1980 net loss of DM 278m. Productivity has improved and sales are surprisingly buoyant.

But this will be small comfort to AEG's shareholders, who last saw a dividend in 1973. The shares are still languishing around their DM 50 par value—even after a two-thirds capital reduction—and the company will almost certainly be driven to seek a further capital reorganisation within the next 12 months.

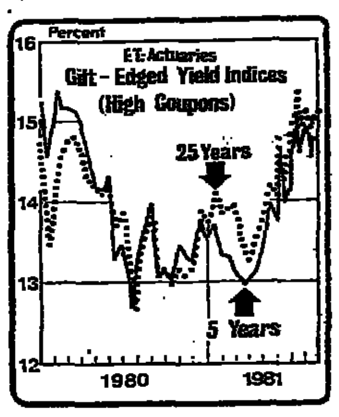
Net debt in the last balance sheet totalled more than three times net worth and the interest burden on most of AEG's borrowings will become heavier next year as a preferential interest rate agreement with the banks expires. In these circumstances the precise level of this year's loss is almost academic.

It is unlikely thart the banks will be so co-operative this time. Dresdner, which has the closest ties with AEG, has problems of its own and will be faced with huge write-offs on its existing holding this year. AEG does not just need new money to meet its working capital requirements: it must also invest heavily in its profitable telecommunications business if it is to stay competitive. It has been casting around for financial partners, but so far without conclusive success. If no-one volunteers, the only realistic solution may be to dismember the lame duck.

Steel castings

The Lazards' promoted scheme for rationalising the UK steel castings industry is now entering its most delicate phase. Yesterday, a unique meeting of most of the companies involved confirmed the general view that something has to be done about an industry which could suffer a 25 per cent fall in output this year from 1980's already inadequate level. But everyone recognises that there are still many problems to be overcome.

Index rose 3.8 to 562.3



The first, and biggest, will be to persuade all the companies to put their cards on the table and say which plants they are prepared to close and which they want to keep open. This is the key role for Lazards, which as an independent agent can guarantee confidentiality on sensitive information. The next task will be to reconcile the interests of big companies like F. H. Lloyd or Weir with those of the smaller fry. A third challenge will be to take account of the fact that some sectors—like high pressure valves—are in much better shape than others, such as earth moving and construction equipment.

Some customers have expressed concern about the possible impact of large scale closures on prices. Yet over anything but the very short term, it is in their interests too that the industry should be made viable. And by concentrating volume on the most efficient plant, it should be possible to restore profit margins without large increases in selling prices.

Redland

The warning from Redland's chairman at yesterday's annual meeting that the group's first half results are bound to be poor stems mainly from the loss made by the West German subsidiary Brass in the first quarter More heartening is the possibility that attributable earnings for the year will match last year's outcome. After the results from London Brick and Blue Circle, this provides a further indication that in spite of savage volume declines, the UK trading profits of building material producers may be a hardier species than had been expected.

Last year, when volume went over the cliff in the second half, the material producers retaliated with some swingeing price increases. But the length and steepness of the current recession means that this is not a strategy that is likely to succeed indefinitely. The signs of greater restraint over prices is typified by the decision of the cement cartel not to push through a rise in July. Instead companies have been cutting costs and rationalising production. Since the industry has been sheltered for year, there is often a lot of fat to be cut—with companies like Blue Circle in a happier position in this regard than some of the leaner groups like Redland.

So, with optimistic noises emerging from companies like BPB, Tarmac and Rugby, the building materials index has found new life in recent weeks. No doubt there will be some nasty upsets and the outlook remains dull: the latest forecast by the National Council of Building Material Producers is for a further ½ per cent decline in construction activity next year. But at least this should represent a rock-bottom level against which the producers can match their capacity and the main threat to profitability may have been safely negotiated.

Mining supplies

Memo to all corporate raiders: if you can pick up a company for about a third of net worth, something may very well go wrong. Mining Supplies knew it was taking on a tough nut when it paid £6.2m for Laurence Scott last autumn since its purchase had lost £1.7m pre-tax in the five months to August 1980.

All the same, a loss of £1.9m from Scott in the half year to May is deeply disappointing. Problems in the electrical motors business, squeezed between Hawker Siddeley and GEC, are responsible, and it is by no means certain that MS can bring this operation round. The issue may be decided at next month's meeting with Scott's bankers. At £10m the subsidiary's borrowings are still £2m below its overdraft facility, but MS is making no promises of continuing group support.

The effect on MS of buying what it now describes as a pig in a poke is harsh without being calamitous. On its own MS would have produced some £4.3m pre-tax for the year, but as it is profits are down by nearly £1m at £2.4m. The dividend, though, is maintained to give a yield of just 2 per cent at 150p.

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